



**SINMAH CAPITAL
BERHAD**

Registration No.: 199401015973 (301653-V)

2019
annual report



Building
Tomorrow, Today



Taman Gambir Perdana (Semi Detached House)



COVER RATIONALE

Building Tomorrow, Today

Our visionary management team envisages a future where everyone in our society can lead a meaningful and fulfilling life. We have already started to shape a better world today. Our plans are designed to meet the needs of tomorrow, and we believe that our legacy will last forever.

contents

02
Notice of Annual General Meeting

08
Corporate Structure

10
Corporate Information

11
Directors' Profile

19
Key Senior Management Profile

24
Six Years Financial Summary

25
Chairman's Statement and
Management Discussion and
Analysis

33
Sustainability Statement

43
Corporate Governance
Overview Statement

54
Statement on Risk Management
and Internal Control

62
Audit Committee Report

69
Directors' Responsibilities
Statement

70
Financial Statements

171
Analysis of Shareholdings

174
Analysis of Warrant C Holdings

177
List of Properties
owned by the Group

178
Additional Compliance
Information

Proxy Form

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty Sixth Annual General Meeting (“26th AGM”) of Sinmah Capital Berhad (“SCB” or “Company”) will be held at Function Room 3, Level 2, Holiday Inn Melaka, Jalan Syed Abdul Aziz, 75000 Melaka on Thursday, 23 July 2020 at 10.00 a.m., for the purpose of considering and if thought fit, passing with or without modifications, the following resolutions:-

AGENDA

AS ORDINARY BUSINESS

1. To lay before the meeting the Audited Financial Statements for the financial year ended 31 December 2019 together with the Reports of the Directors and Auditors thereon. **(Please refer Note 1)**
2. To approve the payment of additional Directors’ fees and Directors’ remuneration (exclude Directors’ fees) to Non-Executive Directors amounting to RM30,750.00 for the period from 1 January 2019 up to 23 July 2020. **(Ordinary Resolution 1)**
3. To approve the payment of the Directors’ fees to Non-Executive Directors amounting to RM141,750.00 for the period from 24 July 2020 until the next Annual General Meeting of the Company held in 2021. **(Ordinary Resolution 2)**
4. To approve the payment of Directors’ remuneration (excluding Directors’ Fees) to Non-Executive Directors of the Company of an amount up to RM12,000.00 for the period from 24 July 2020 until the next Annual General Meeting of the Company held in 2021. **(Ordinary Resolution 3)**
5. To re-elect Mr. Fong Ngan Teng, the retiring Director, who retires by rotation and being eligible, offers himself for re-election in accordance with Clause 94 of the Company’s Constitution. **(Ordinary Resolution 4)**
6. To re-elect Mr. Fong Choon Kai, the retiring Director, who retires by rotation and being eligible, offers himself for re-election in accordance with Clause 94 of the Company’s Constitution. **(Ordinary Resolution 5)**
7. To re-elect Datuk Ng Peng Hong @ Ng Peng Hay, the retiring Director, who retires by rotation and being eligible, offers himself for re-election in accordance with Clause 94 of the Company’s Constitution. **(Ordinary Resolution 6)**
8. To re-appoint Messrs UHY as Auditors of the Company for the financial year ending 31 December 2020 and to authorize the Directors to deliberate on the Auditors’ remuneration. **(Ordinary Resolution 7)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modifications, the following resolutions :-

9. **Proposed Continuation of Office of Encik Mohd Khasan Bin Ahmad as Independent Non-Executive Director**

THAT Encik Mohd Khasan Bin Ahmad, having served as Independent Non-Executive Director for a cumulative term of more than nine (9) years, continue to act as the Independent Non-Executive Director of the Company.

(Ordinary Resolution 8)

10. **Proposed Continuation of Office of Datuk Hj. Zainal Bin Hj. Shamsudin as Independent Non-Executive Director**

THAT Datuk Hj. Zainal Bin Hj. Shamsudin, having served as Independent Non-Executive Director for a cumulative term of more than 9 years, continue to act as the Independent Non-Executive Director of the Company.

(Ordinary Resolution 9)

Notice of Annual General Meeting

11. Authority to Issue Share Under Sections 75 and 76 of the Companies Act, 2016.

“THAT subject always to the Companies Act, 2016, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and approvals of the relevant government / regulatory authorities, the Directors be and are hereby authorized, pursuant to Sections 75 and 76 of the Companies Act, 2016, to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting of the Company to such persons and upon such terms and conditions for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and that the Directors are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares to be issued.”

(Ordinary Resolution 10)

12. Proposed Amendments to the Constitution of the Company

“THAT the proposed amendments to the Constitution of the Company as set out below, be approved and adopted AND THAT the Directors and/or Secretary of the Company be authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the said proposed amendments for and on behalf of the Company:-

Clause No.	Existing Clause	Clause No.	Proposed Clause
58	Notwithstanding Clause 57 above, the Company may apply to Bursa Malaysia to waive the convening of a general meeting to obtain Members' approval for further issuance of shares (other than bonus or rights issues) where: (a) the aggregate issues of which in any one financial year do not exceed ten percent (10%) of the issued shares of the Company; and (b) there is still in effect a resolution under Section 75 and 76 of the Act approving the issuance of shares by the Company.	58	Deleted
	New	58	New shares subject to same provisions as original shares Except so far as otherwise provided by the conditions of issue, or by the provisions of this Constitution, any share capital raised by the issue of new shares shall be considered as part of the original share capital, and shall be subject to the same provisions with reference to the payment of calls, transfer, transmission, forfeiture, lien, voting and otherwise as if it has been part of the original share capital.

Notice of Annual General Meeting

Clause No.	Existing Clause	Clause No.	Proposed Clause
64	The main venue of all general meetings shall be held within Malaysia at such time and place as the Directors shall determine and the chairperson shall be present at that main venue of the meeting. The Company may convene a general meeting at more than one (1) venue using any technology or method that allows all Members to participate and to exercise the Members' right to speak and vote at the meeting.	64	The main venue of all general meetings shall be held within Malaysia at such time and place as the Directors shall determine and the chairperson shall be present at that main venue of the meeting. The Company may convene a general meeting by way of a full virtual meeting or a hybrid meeting at more than one (1) venue using any technology or method that allows all Members to participate and to exercise the Members' right to speak and vote at the meeting. For a fully virtual general meeting, the broadcast venue shall be main venue of the meeting and all the provisions of this Constitution as to the meetings of Members shall also apply to such fully virtual general meeting.

(Special Resolution)

13. To transact any other business of which due notice has been given in accordance with the Companies Act, 2016 and the Company's Constitution.

BY ORDER OF THE BOARD

TEO SOON MEI (MAICSA 7018590) (SSM PC NO. 201908000235)
CHUA SIEW YIN (MAICSA 7065531) (SSM PC NO. 201908000289)
LIEW SENG AUN (MIA 13109) (SSM PC NO. 201908003189)
NOLAN JOHN FELIX (MIA 18938) (SSM PC NO. 201908003308)
 Company Secretaries

Melaka
 Dated : 24 June 2020

Notes to the Notice of 26th AGM:-

1. *Item 1 of the Agenda*

This item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 in Malaysia requires that audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such, this Agenda item is not a business which requires a resolution to be put to the vote by Shareholders.

2. *Items 2 of the Agenda*

This resolution is to facilitate the shortfall payment of Directors' fees of RM28,350.00 and Directors' remuneration (exclude Directors' fees) of RM2,400.00 due to the change of the date of the 26th AGM from May 2020 to July 2020.

Notice of Annual General Meeting

3. *Items 3 and 4 of the Agenda*

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the directors, and any benefits payable to the directors including any compensation for loss of employment of a director or former director of a public company or a listed company and its subsidiaries, shall be approved at a general meeting. The fees and allowances structure of the Non-Executive Directors (“NEDs”) of the Company is as follows :-

- a) Monthly fixed fees for duties as Director / Chairman; and
- b) Meeting allowance for each Board / Board Committee attended.

The shareholders at the last AGM held on 30 May 2019 approved the Directors’ Fees of up to RM240,975.00 for the period from 1 January 2019 until 31 May 2020. The actual payment of the Directors’ Remuneration (excluding Directors’ fees) payable to the NEDs of the Company comprises of board meeting allowances for the period from 31 May 2019 until 31 May 2020 was RM12,000.00.

The Directors’ fees and Directors’ Remuneration (excluding Directors’ fees) for the NEDs for the period from 24 July 2020 until the conclusion of the next AGM of the Company in 2021 are estimated not to exceed RM141,750.00 and RM12,000.00 respectively. The current Directors’ Remuneration (excluding Directors’ fees) payable to the Non-Executive Directors of the Company comprises of board meeting allowances of RM600.00 per meeting. The calculation is based on the estimated number of scheduled Board and Board Committees’ meetings and on assumption that all the NEDs will remain in office until the next AGM. These two resolutions are to facilitate payment of the Directors’ Fees and the board meeting allowances for financial year 2020/2021. The Board will seek Shareholders’ approval at the next Annual General Meeting in the event the Directors’ fees and allowances proposed are insufficient.

4. *Items 5, 6 and 7 of the Agenda*

Clause 94 of the Company’s Constitution provides that one-third (1/3) of the Directors shall retire by rotation at an annual general meeting of the Company. All the Directors shall retire from office at least once in each three (3) years but shall be eligible for re-election. The profile of Mr. Fong Ngan Teng, Mr. Fong Choon Kai and Datuk Ng Peng Hong @ Ng Peng Hay, the Directors who are standing for re-election as per Agendas 5 to 7 of the notice of the 26th AGM are set out in the 2019 Annual Report.

5. *Item 8 of the Agenda*

The Audit Committee and the Board have considered the re-appointment of Messrs UHY as Auditors of the Company and collectively agreed that Messrs UHY have met the relevant criteria prescribed by Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Proxy

6. A member of the Company who is entitled to attend, speak and vote at this 26th AGM may appoint a proxy to attend, speak and vote on his(her) behalf. A proxy may but need not be a member of the Company, and a member may appoint any person to be his(her) proxy without limitation.
7. Where a member appoints more than one (1) proxy to attend and vote at the same Meeting, the appointment shall be invalid unless he(she) specifies the proportion of his(her) holdings to be represented by each proxy.
8. Where a member of the Company is an authorized nominee as defined under the Securities Industry (Central Depository) Act, 1991 (“SICDA”), he(she) may appoint one (1) proxy in respect of each security account it holds with ordinary shares of the Company standing to the credit of the said security account.
9. Where a member of the Company is an exempt authorised nominee holding ordinary shares in the Company for multiple beneficial owners in one (1) securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

An exempt authorised nominee refers to an authorised nominee defined under the SICDA who is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

Notice of Annual General Meeting

10. The instrument appointing a proxy shall be in writing by the appointer or an attorney duly authorised in writing or, if the appointer is a corporation, whether under its seal or by an officer or attorney duly authorised.
11. The instrument appointing either a proxy, a power of attorney or other authorities, where it is signed or certified by a notary as a true copy shall be deposited at the office of the Company's Share Registrar at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof, and in default the instrument of proxy shall not be treated as valid.
12. The right of foreigners to vote in respect of deposited securities is subject to Sections 41(1)(e) and 41(2) of the Securities Industry (Central Depositories) Act, 1991; the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and the Constitution of the Company.
13. In respect of deposited securities, only members whose names appear in the Record of Depositors on 16 July 2020 ("General Meeting Record of Depositors") shall be eligible to attend, speak and vote at this 26th AGM.
14. Any alteration in the form of proxy must be initialed.
15. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of 26th AGM will be put to the vote by poll.

Explanatory Notes to Special Business

16. *Item 9 and 10 of the Agenda*

For Ordinary Resolutions 8 and 9 on the Proposed Continuation in Office as Independent Non-Executive Directors, the Nomination Committee of the Company has assessed the independence of Encik Mohd Khasan Bin Ahmad and Datuk Hj. Zainal Bin Hj. Shamsudin, the Directors who have served for a cumulative term of more than 9 years and has recommended to the Board that they shall continue to act as Independent Non-Executive Directors of the Company. Encik Mohd Khasan Bin Ahmad and Datuk Hj. Zainal Bin Hj. Shamsudin were appointed as Independent Non-Executive Directors on 10 January 2002 and 8 August 2006 respectively, and they have served the Company for more than nine (9) years as at the date of the notice of 26th AGM. However, Encik Mohd Khasan Bin Ahmad and Datuk Hj. Zainal Bin Hj. Shamsudin have met the independence guideline as set out in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Board upon the recommendation from the Nomination Committee of the Company, therefore, considers Encik Mohd Khasan Bin Ahmad and Datuk Hj. Zainal Bin Hj. Shamsudin to be Independent and recommends them to remain as Independent Non-Executive Directors subject to the approval from the shareholders of the Company through a two-tier voting process pursuant to Practice No. 4.2 of the Malaysian Code on Corporate Governance 2017.

17. *Item 11 of the Agenda*

Ordinary Resolution 10 is proposed to grant a renewed general mandate ("General Mandate"), which if passed, will empower the Directors of the Company, pursuant to Section 76 of the Companies Act, 2016 to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the issued and paid-up capital of the Company as the Directors may consider such an act to be in the interest of the Company. The General Mandate, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company, or during the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is earlier.

As of the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting of the Company held on 30 May 2019 and which will lapse at the conclusion of the 26th AGM.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to, further placing of shares, for the purpose of funding future investment project(s), working capital and /or acquisitions.

Notice of Annual General Meeting

18. *Item 12 of the Agenda*

The Special Resolution proposed under item 12 of the Agenda if approved, will streamline the Company's Constitution, to facilitate the capital raising in a timely and cost-effective manner and also to enhance administrative efficiency. The proposed amendments to the Constitution of the Company shall take effect once the special resolution has been passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or by proxy at the meeting.

Personal data privacy :-

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 26th AGM and/or any adjournment thereof, a member of the Company :-

- (i) consents to the collection, use and disclose of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agent) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");
- (ii) warrants that the member has obtained the prior consent of such proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies), and/or representative(s) for the Purposes; and
- (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses, and damages as a result of the member's breach of warranty

STATEMENT ACCOMPANYING THE NOTICE OF THE TWENTY SIXTH ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

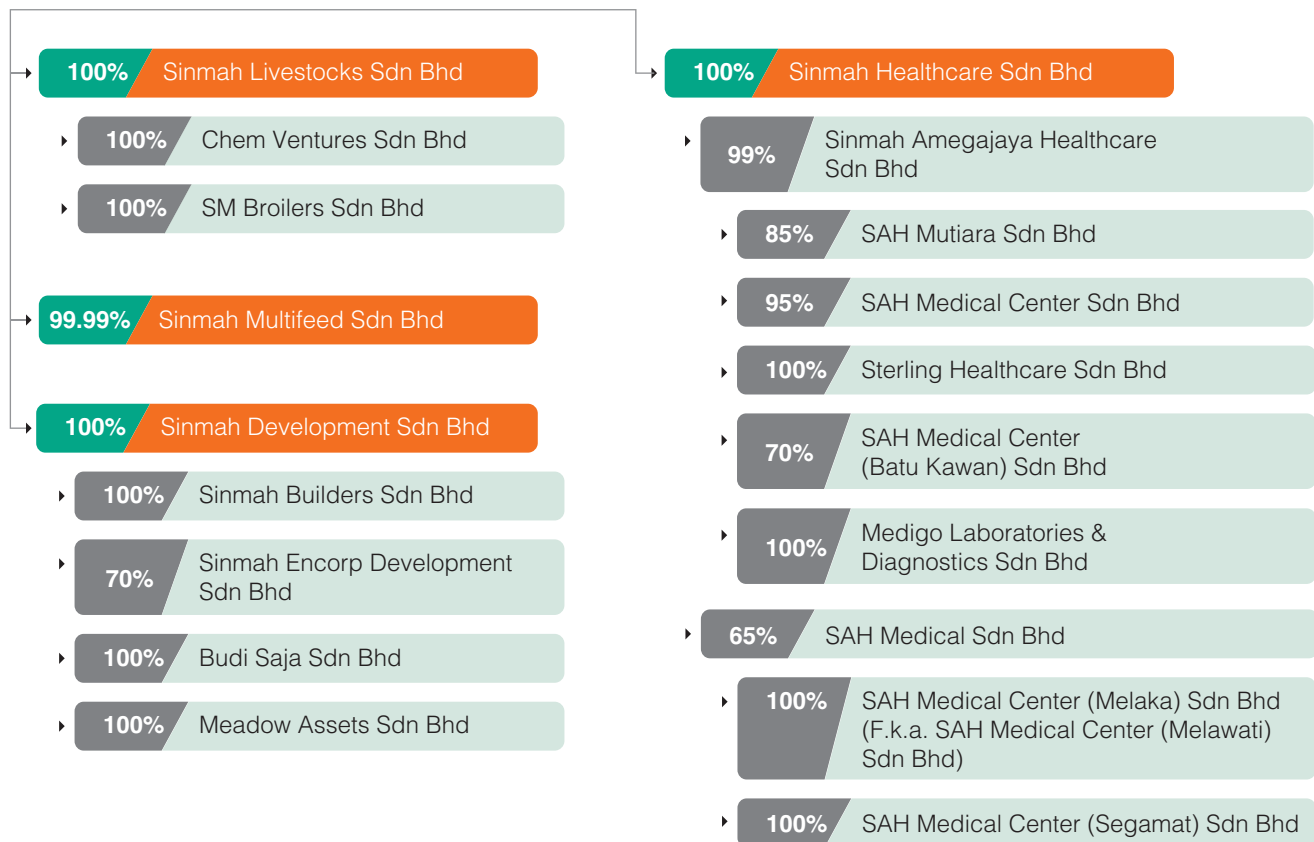
1. Director standing for re-election

There is no individual seeking election as a Director at the forthcoming 26th AGM.

2. Statement relating to a general mandate for the issue of securities in accordance with Paragraph 6.04(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Please refer to the Explanatory Note 17 of the Notice of the 26th AGM set out on Page 6.

CORPORATE STRUCTURE





CHANGING LIVES FOR THE BETTER

We are committed to making a positive difference through our dynamic business activities. Our endeavours in the property development industry has led to the creation of close-knit communities. While our healthcare achievements in the near future have significantly enhanced the quality of life for our patients. Inspired by our success, we are surging ahead to discover new opportunities and to fulfil our true potential.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Hj. Zainal Bin Hj. Shamsudin
Chairman,
Independent Non-Executive Director

Dato' Fong Kok Yong
Managing Director

Datuk Fong Kiah Yeow
Executive Director

Fong Ngan Teng
Executive Director

Fong Choon Kai
Executive Director

Mohd Khasan Bin Ahmad
Senior Independent Non-Executive
Director

Munawar Kabir Mohd Bin Zainal Abidin
Independent Non-Executive Director

Datuk Ng Peng Hong @ Ng Peng Hay
Non-Independent Non-Executive
Director

**AUDIT & NOMINATION
COMMITTEES**

Mohd Khasan Bin Ahmad
Chairman, Senior Independent
Non-Executive Director

Datuk Hj. Zainal Bin Hj. Shamsudin
Member, Independent Non-Executive
Director

Munawar Kabir Mohd Bin Zainal Abidin
Member, Independent Non-Executive
Director

**REMUNERATION
COMMITTEE**

Munawar Kabir Mohd Bin Zainal Abidin
Chairman, Independent
Non-Executive Director
(Re-designated w.e.f. 26 February 2020)

Datuk Hj. Zainal Bin Hj. Shamsudin
Member, Independent Non-Executive
Director

Mohd Khasan Bin Ahmad
Member, Senior Independent Non-
Executive Director
(Re-designated w.e.f. 26 February 2020)

**RISK MANAGEMENT
COMMITTEE**

Dato' Fong Kok Yong
Managing Director - Chairman

Nolan John Felix
Senior Manager - Corporate Affairs
cum Joint Company Secretary -
Key Risk Officer

Datuk Fong Kiah Yeow
Executive Director - Member

Fong Ngan Teng
Executive Director - Member

Hoh Koei Teng
Director, Operations, Food - Member

Liew Seng Aun
Director, Operations, Corporate
Affairs cum Joint Company Secretary
- Member

Kow Keng Yam
Director, Operations, Property
Development Division - Member

Kalaichelwan a/l Muniandy
General Manager, Business
Development and Human Resource -
Member

Chung Cheng Yuan
General Manager, Management
Information System Division - Member

Yong Vee Ming
General Manager, Food Division -
Member

REGISTRAR

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor
Tel : 03-7890 4700
Fax : 03-7890 4670

**PRINCIPAL PLACE OF
BUSINESS**

No. 88, Jalan KU 4
Taman Krubong Utama
75260 Krubong Melaka
Tel : 06-335 3329
Fax : 06-335 1329

COMPANY SECRETARIES

Teo Soon Mei (MAICSA 7018590)
(SSM PC NO. 201908000235)
Chua Siew Yin (MAICSA 7065531)
(SSM PC NO. 201908000289)
Liew Seng Aun (MIA 13109)
(SSM PC NO. 201908003189)
Nolan John Felix (MIA 18938)
(SSM PC NO. 201908003308)

AUDITORS

UHY
Chartered Accountants
Suite 11.05 Level 11
The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 03-2279 3088
Fax : 03-2279 3099

PRINCIPAL BANKERS

Bank Kerjasama Rakyat Malaysia
Berhad
Malayan Banking Berhad
United Overseas Bank (Malaysia)
Berhad

**STOCK EXCHANGE
LISTING**

Main Market
Bursa Malaysia Securities Berhad
Stock Name : SMCAP
Stock Code : 9776
Sector : Consumer Products &
Services

REGISTERED OFFICE

No. 4-1
Kompleks Niaga Melaka Perdana
Jalan KNMP 3
75450 Bukit Katil
Melaka
Tel : 06-232 6033
Fax : 06-232 6034

Y. Bhg. Datuk Hj. Zainal Bin Hj. Shamsudin

Chairman, Independent Non-Executive Director

Member of Audit, Nomination And Remuneration Committees

Age	Nationality	Gender
73	Malaysian	Male

Y. Bhg. Datuk Hj. Zainal Bin Hj. Shamsudin was appointed to the Board of Sinmah Capital Berhad ("Sinmah Capital") as Chairman of Sinmah Capital on 8 August 2006. He is also the member of the Audit, Nomination and Remuneration Committees of Sinmah Capital.

Y. Bhg. Datuk Hj. Zainal holds a Diploma in Police Science and he has served in the Royal Malaysian Police Force since June 1965 until his retirement in June 2003. Y. Bhg. Datuk Hj. Zainal began his career in the Royal Malaysian Police Force as an Investigation Officer and has climbed the rank of SAC(I) holding the post of Deputy Director (II) of the Malaysian Special Branch when he retired. He also sits on the boards of several private limited companies.

In recognition of his continuous efforts and dedication to the Malaysian Police Force, Y. Bhg. Datuk Hj. Zainal was conferred the Panglima Gemilang Darjah Kinabalu (P.G.D.K.) by His Excellency, the Governor of Sabah in September 2000.

Subsequently, in July 2008, in recognition of his many past contributions to the Malaysian Police Force, Y. Bhg. Datuk Hj. Zainal was conferred the Jaksa Pendamai (J.P) by HRH Yang Di-Pertuan Besar Negeri Sembilan.

As at the date of this annual report, Y. Bhg. Datuk Hj. Zainal does not have any interest in Sinmah Capital. He has attended all five (5) board meetings held during the financial year ended 31 December 2019.



Directors' Profile



Y. Bhg. Dato' Fong Kok Yong

Managing Director

Age	Nationality	Gender
69	Malaysian	Male

Y. Bhg. Dato' Fong Kok Yong was appointed to the Board of Sinmah Capital on 10 February 1995 and is currently the Managing Director of Sinmah Capital.

Y. Bhg. Dato' Fong Kok Yong graduated from the University of Singapore in 1975 with a Bachelor of Business Administration degree. He joined Sinmah Multifeed Sdn Bhd, a wholly owned subsidiary of Sinmah Capital on 18 October 1976 as a Director. He presently oversees the Group's operations.

Y. Bhg. Dato' Fong Kok Yong is currently,

- (i) Advisor to the Federation of Livestock Farmers' Associations of Malaysia (since 1995)
- (ii) Member, Malaysian Institute of Management (since 1990)

He had also served in the various positions/bodies during the past years:-

- (i) Secretary General, Federation of Livestock Farmers' Associations of Malaysia (1986 – 1991)
- (ii) President, Federation of Livestock Farmers' Associations of Malaysia (1991 – 1995)
- (iii) President, Federation of Asean Poultry Producers (March 2003 – March 2005)
- (iv) Director, Selangor Chinese Chamber of Commerce and Industry (1991 – 1995)
- (v) Director, Malacca Chinese Chamber of Commerce and Industry (1995 to 2000)

In October 2008, in recognition of his continuous efforts, dedication and contribution to the livestock industry in Malaysia, Y. Bhg. Dato' Fong Kok Yong was conferred the Darjah Indera Mahkota Pahang (D.I.M.P.) by HRH, the Sultan of Pahang.

As at the date of this annual report, Y. Bhg. Dato' Fong Kok Yong has an indirect interest of 27,721,253 shares in Sinmah Capital. He has attended all five (5) board meetings held during the financial year ended 31 December 2019.

Y. Bhg. Datuk Fong Kiah Yeow

Executive Director

Age	Nationality	Gender
66	Malaysian	Male



Y. Bhg. Datuk Fong Kiah Yeow was appointed to the Board of Sinmah Capital on 10 February 1995.

Y. Bhg. Datuk Fong Kiah Yeow completed an accountancy course in 1975 from the Tottenham College of Technology, United Kingdom. He was also an associate member of the Chartered Association of Certified Accountants, United Kingdom. Immediately, upon completion of his studies, Y. Bhg. Datuk Fong Kiah Yeow joined his family business and was responsible for his family's rice wholesale business. He was later appointed to the Board of Sinmah Multifeed Sdn Bhd on 31 January 1980. He is presently responsible for the Group's corporate affairs and financial matters. He also sits on the board of several private limited companies.

In October 2008, in recognition of his efforts and dedication, Y. Bhg. Datuk Fong Kiah Yeow was conferred the Darjah Mulia Seri Melaka (D.M.S.M.) by His Excellency, the Governor of Melaka.

As at the date of this annual report, Y. Bhg. Datuk Fong Kiah Yeow has a direct interest of 20,402,200 shares and an indirect interest of 27,721,253 shares in Sinmah Capital. He has attended all five (5) board meetings held during the financial year ended 31 December 2019.

Directors' Profile



Fong Ngan Teng

Executive Director

Age	Nationality	Gender
62	Malaysian	Male

Fong Ngan Teng was appointed to the Board of Sinmah Capital on 10 February 1995. He graduated in 1982 with a Bachelor of Arts (Honours) degree from The City of London Polytechnic in United Kingdom. He joined Sinmah Multifeed Sdn Bhd upon his graduation and was appointed as a Director of Sinmah Multifeed Sdn Bhd on 1 March 1983. He is currently the Group's Marketing Director and is also responsible for the breeding, hatchery and contract farming of the Group. He also sits on the boards of several private limited companies.

As at the date of this annual report, Fong Ngan Teng has a direct interest of 18,256,000 shares and an indirect interest of 27,721,253 shares in Sinmah Capital. He has attended all five (5) board meetings held during the financial year ended 31 December 2019.

Fong Choon Kai

Executive Director

Age	Nationality	Gender
59	Malaysian	Male



Fong Choon Kai was appointed to the Board of Sinmah Capital on 10 February 1995. He graduated in 1985 with a Bachelor of Actuarial Science (Honours) degree from London School of Economics, United Kingdom and later in 1987, with a Masters degree in Systems Analysis and Design from The City University, United Kingdom. Thereafter, he was attached to a public chartered accounting firm, Lewis, Berman & Partners in United Kingdom for 2 years. Prior to his appointment to the Board of Sinmah Multifeed Sdn Bhd on 15 January 1992, he was engaged in a construction and property development company, Hanover Construction Ltd, as well as in export and import business of Hanover Trading Ltd, United Kingdom for 2 years. Fong Choon Kai is currently responsible for all administrative matters in the Group. He also sits on the boards of several private limited companies.

As at the date of this annual report, Fong Choon Kai has a direct interest of 18,256,000 shares and an indirect interest of 27,721,253 shares in Sinmah Capital. He has attended all five (5) board meetings held during the financial year ended 31 December 2019.

Directors' Profile



Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay

Non-Independent Non-Executive Director

Age	Nationality	Gender
68	Malaysian	Male

Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay was appointed to the Board of Sinmah Capital on 10 February 1995.

Y. Bhg. Datuk Ng Peng Hong was the State Assemblyman for Tengkeru Constituency of Barisan Nasional between 1982 and 1986. He then served as a Senator in the Malaysian Parliament from 1987 to 1993. His first involvement in social activities was upon completing his secondary education. He has been appointed as the Investment Co-ordinator by the Melaka State Development Corporation to handle direct investments in the State of Melaka since 1988. Together with his teams of officials and his excellent public relations, he has helped in attracting numerous Taiwanese, Singaporean and Chinese investors into the State of Melaka.

In recognition of his efforts and dedication, Y. Bhg. Datuk Ng Peng Hong was conferred the Darjah Mulia Seri Melaka (D.M.S.M.) by His Excellency, the Governor of Melaka in 1992. On 17 July 1999, the Taiwanese Government awarded him the Economics Medal.

Y. Bhg. Datuk Ng Peng Hong is also the Chairman of Wellcall Holdings Berhad and I-Capital.Biz Berhad and is the Independent Non-Executive Chairman in CRG Incorporation Berhad.

On 1 January 2017, Y. Bhg. Datuk Ng Peng Hong was redesignated as a Non-Independent Non-Executive Director in Sinmah Capital.

As at the date of this annual report, Y. Bhg. Datuk Ng Peng Hong does not have any interest in Sinmah Capital. He has attended all five (5) board meetings held during the financial year ended 31 December 2019.

Mohd Khasan Bin Ahmad

Senior Independent Non-Executive Director

Chairman of Audit and Nomination Committees,
Member of Remuneration Committee (Re-designated w.e.f. 26 February 2020)

Age	Nationality	Gender
59	Malaysian	Male



Mohd Khasan Bin Ahmad was appointed to the Board of Sinmah Capital on 10 January 2002. He is the Chairman of the Audit and Nomination Committees as well as the member of the Remuneration Committee of Sinmah Capital.

Mohd Khasan obtained a diploma in Accountancy and later graduated with a degree in Accountancy from University Teknologi Mara. He is a member of the Malaysian Institute of Accountants ("MIA"). He served Bank Negara Malaysia for a period of about 7 years, the last 2 years of which he was seconded to the Capital Issues Committee ("CIC") as its Principal Assistant Secretary. Subsequently, he joined the Securities Commission for a period of about 6 years and his last capacity was an Assistant Manager in its Issues and Investment Division. During the tenure of his above appointments, he was involved in various corporate exercises ranging from initial public offerings, mergers and acquisitions, reverse take-overs, issuance of bonds and other capital raising exercises. He joined the private sector in 1997 and held various senior management positions. Mohd Khasan also sits on the Board of Crest Builder Holdings Berhad, Homeritz Corporation Berhad and LYC Healthcare Berhad (formerly known as Mexter Technology Berhad) as an Independent Non-Executive Director.

As at the date of this annual report, Mohd Khasan does not have any interest in Sinmah Capital. He has attended all five (5) board meetings held during the financial year ended 31 December 2019.

Directors' Profile



Munawar Kabir Mohd Bin Zainal Abidin

Independent Non-Executive Director

Chairman of Remuneration Committee (Re-designated w.e.f. 26 February 2020)
 Member of Audit and Nomination Committees

Age	Nationality	Gender
68	Malaysian	Male

Munawar Kabir Mohd Bin Zainal Abidin was appointed to the Board of Sinmah Capital on 17 September 2015. He is also the Chairman of the Remuneration Committee as well as the member of the Audit and Nomination Committees of Sinmah Capital.

Munawar Kabir Mohd began his career in 1978 as an Investigation Officer attached to the then National Bureau of Investigation which later underwent transformation and is currently known as the Malaysian Anti-Corruption Commission. Whilst attached at Malaysian Anti-Corruption Commission, Munawar Kabir Mohd was given the task of investigating and prosecuting cases involving corruption and malpractices. He has represented the Malaysian Government at the United Nations Convention against Corruption at Vienna, Austria pursuant to resolution 55/61 of 4th December 2000, in which the United Nations General Assembly established an Ad Hoc Committee for the negotiation of an effective international legal instrument against corruption.

In March 2005, Munawar Kabir Mohd was seconded to a national energy supply utility viz. Tenaga Nasional Berhad which is responsible for the Generation, Transmission and Distribution of energy supply in West Malaysia. He was initially seconded as a Senior Manager of the Intelligence & Investigation Unit and was later promoted to the General Manager of Security & Intelligence Division.

Munawar Kabir Mohd has been an active part of the prosecution team in several corruption cases; many of them being high profile corruption trials. He also has vast experience in the investigation and intelligence domain. Over the years, he was a member of the Task Force in matters related to International Extradition, Financial Disputes, Company Matters, Corporate Compliance Programmes, Forfeiture of Property and Money Laundering, to name a few.

Currently, Munawar Kabir Mohd is an Advocate & Solicitor and is the managing partner of Munawar & Associates.

As at the date of this annual report, Munawar Kabir Mohd does not have any interest in Sinmah Capital. He has attended all five (5) board meetings held during the financial year ended 31 December 2019.

ADDITIONAL INFORMATION

- (i) **Conflict of interest**
None of the Directors have any conflict of interest with the Company.
- (ii) **Family Relationship with any Director and / or Major Shareholder**
None of the Directors have family relationship with any Director and / or major shareholder of the Company except for Dato' Fong Kok Yong, Datuk Fong Kiah Yeow, Fong Ngan Teng and Fong Choon Kai who are brothers.
- (iii) **Conviction for offences (within the past 10 years, other than traffic offences)**
None of the Directors have been convicted for offences.

KEY SENIOR MANAGEMENT PROFILE

HOH KOEI TENG

Director, Operations - Food

Age	Nationality	Gender
60	Malaysian	Male

Hoh Koei Teng joined Sinmah Multifeed Sdn Bhd, a subsidiary of Sinmah Capital Bhd, in 1988 as the Head of Accounting Department. Prior to joining Sinmah Multifeed Sdn Bhd, he was attached to various companies within the Multi-Purpose Holdings Berhad group. He was also one of the key management personnel who was involved in leading the Sinmah Capital Berhad to its listing on Bursa Malaysia in 1995.

Hoh Koei Teng was previously an associate member of the Association of Chartered Certified Accountants (“ACCA”). He has more than 30 years of working experiences in the fields of accounting, financial management, taxation, internal control and other related corporate functions.

Hoh Koei Teng has no directorships in public companies nor listed issuers. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with listed issuers. He has no convictions for offences within the past 5 years other than traffic offences.

Currently, Hoh Koei Teng assists in the operations of the food division of the Group. He is also responsible in managing the funding requirements of certain operating units of Sinmah Group.

KOW KENG YAM

Director, Operations -
Property Development

Age	Nationality	Gender
59	Malaysian	Male

Kow Keng Yam joined Sinmah Development Sdn Bhd in 1997 and currently sits as a Director in Sinmah Development Sdn Bhd and Sinmah Builders Sdn Bhd, both of which are wholly owned subsidiaries of Sinmah Capital Berhad. Prior to joining Sinmah Development Sdn Bhd, he worked with Supreme Corporation Berhad (now known as Lion Land Berhad) as a project manager.

Kow Keng Yam graduated from Tunku Abdul Rahman College with a Diploma in Building Technology and Management in 1984. He has more than 30 years of working experience in managing mixed development housing projects.

Kow Keng Yam has no directorships in public companies nor listed issuers. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with listed issuers. He has no convictions for offences within the past 5 years other than traffic offences.

Currently, Kow Keng Yam holds the position of Director, Operations – Property Development Division and heads the operations of property development division of the Sinmah Group.

LIEW SENG AUN

Director, Operations -
Corporate Affairs cum Joint Company
Secretary

Age	Nationality	Gender
50	Malaysian	Male

Liew Seng Aun joined Sinmah Capital Berhad in 1999 as an Accountant and currently sits as a Director in SM Broilers Sdn Bhd and Sinmah Development Sdn Bhd, both of which are wholly owned subsidiaries of Sinmah Capital Berhad. He started his career in auditing under Coopers & Lybrand (now known as PricewaterhouseCoopers) in 1995. Prior to joining the Sinmah Group, he was attached to the taxation division under PricewaterhouseCoopers Taxation Services Sdn Bhd.

Liew Seng Aun studied in Tunku Abdul Rahman College and passed his Association of Chartered Certified Accountants (“ACCA”) professional examinations in 1995. He also holds a Master of Business Administration specialising in Finance from the University of Leicester, United Kingdom. In 2018, he passed the Module 12 and Module 19 Licensing Examinations by the Securities Industry Development Corporation (“SIDC”), which is under the Securities Commission Malaysia (“SC”). He is a member of Malaysian Institute of Accountants (“MIA”) and a Fellow member of the ACCA. He is also a member of Chartered Tax Institute of Malaysia, Institute of Internal Auditors Malaysia and Malaysia Institute of Management.

Key Senior Management Profile

KALAI CHELVAN MUNIANDY

General Manager -
Business Development and
Human Resource

Age	Nationality	Gender
56	Malaysian	Male

Liew Seng Aun has about 25 years of working experiences in the fields of accounting, financial management, taxation, internal audit, internal control, risk management, corporate governance, company secretarial and other related corporate functions.

Liew Seng Aun has no directorships in public companies nor listed issuers. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with listed issuers. He has no convictions for offences within the past 5 years other than traffic offences.

Currently, Liew Seng Aun holds the position of Director, Operations – Corporate Affairs and heads the corporate affairs division of the Sinmah Group. He is also a joint Company Secretary for the Sinmah Group.

Kalai Chelvan Muniandy joined the Sinmah Group in 1996. Prior to joining the Group, he had worked in the Ministry of Education and the plantation sector. He graduated from University of Malaya and also has completed his Master in Occupational Safety Health and Risk Management. Mr. Kalai Chelvan Muniandy is also a Certified Trainer and a Competent Safety & Health Officer with DOSH and CIDB. He is also a Committee Member of the Human Resource FMM Melaka State.

He had dealt in the fields of Human Resources, Administration, Safety & Health, Training, Education, Industrial Relations, Public Relations, Halal, Quality & Productivity, and Auditing expertise in various industry such as Manufacturing, Farming, Property and Plantation for over 25 years.

Kalai Chelvan Muniandy has no directorships in public companies nor listed issuers. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with listed issuers. He has no convictions for offences within the past 5 years other than traffic offences.

He currently holds the position of General Manager – Business Development and HR of the Sinmah Group.

MANOJ KUMAR SUKUMARAN

General Manager -
Property Development Division

Age	Nationality	Gender
51	Malaysian	Male

Manoj Kumar Sukumaran joined Sinmah Builders Sdn Bhd, a wholly owned subsidiary of Sinmah Capital Berhad in 1997. He had pursued Diploma in Civil Engineering and holds a Degree in Construction Management. He is currently pursuing his Master of Safety and Risk Management at OUM.

In his earlier career, he was attached with YTL group. Manoj Kumar is also registered as a “CIDB Construction Personnel”. He has more than 25 years of working experience in planning and managing construction works.

Manoj Kumar Sukumaran has no directorships in public companies nor listed issuers. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with listed issuers. He has no convictions for offences within the past 5 years other than traffic offences.

He currently holds the position of General Manager in Sinmah Builders Sdn Bhd.

Key Senior Management Profile

CHUNG CHENG YUAN

General Manager - Management Information System Division

Age	Nationality	Gender
46	Malaysian	Male

Chung Cheng Yuan started his career with the Sinmah Group in 1995 as a Computer Programmer. He had implemented many computerised systems within the Sinmah Group over the years to ease the Group's operations. One of the most remarkable systems implemented by him was the FPS system, which was used in the food processing plant to track the entire production and provide real time information on stock movement.

Chung Cheng Yuan graduated in 1998 with a Bachelor of Information Technology (Major in Computer Science) degree from The University of Southern Queensland in Australia.

Chung Cheng Yuan has no directorships in public companies nor listed issuers. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with listed issuers. He has no convictions for offences within the past 5 years other than traffic offences.

Currently, he holds the position of General Manager – Management Information System (“MIS”) Division of the Sinmah Group and oversees the MIS functions of the Group.

YONG VEE MING

General Manager
- Food Division

Age	Nationality	Gender
40	Malaysian	Male

Yong Vee Ming joined Sinmah Livestocks Sdn Bhd, a wholly owned subsidiary of Sinmah Capital Bhd, in year 2010 as Sales Manager of the Broilers division. Yong Vee Ming is currently responsible to secure the contract farmers as well as expanding its customers base for the live broilers sales of the Sinmah Group. Yong Vee Ming has a Diploma in Electro Mechanical Engineering. Prior to joining Sinmah Livestocks Sdn Bhd, he was attached to several major poultry companies in Malaysia.

Yong Vee Ming has more than 15 years working experience in the poultry industry.

Yong Vee Ming has no directorships in public companies nor listed issuers. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with listed issuers. He has no convictions for offences within the past 5 years other than traffic offences.

He currently holds the position of General Manager – SM Broilers Sdn Bhd.

NOLAN JOHN FELIX

Senior Manager - Corporate Affairs
Cum Joint Company Secretary

Age	Nationality	Gender
55	Malaysian	Male

Nolan John Felix joined Sinmah Capital Berhad as an Internal Auditor in the year 2000. He graduated with a Degree in Accountancy from Universiti Malaya in 1990. He is a Member of Malaysian Institute of Accountants (“MIA”).

Nolan John Felix has more than 25 years of working experience in the field of accounting, financial management, taxation and auditing. He started his auditing career in Ernst & Young in 1994. Prior to joining the Sinmah Group, he worked as an Audit Senior with Deloitte Kassim Chan.

Nolan John Felix has no directorships in public companies nor listed issuers. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with listed issuers. He has no convictions for offences within the past 5 years other than traffic offences.

Currently, he holds the position of Senior Manager, Corporate Affairs and oversees the accounting, corporate governance, risk management and secretarial functions of the Sinmah Group. He is currently also a joint Company Secretary for the Sinmah Group.

Key Senior Management Profile

TAY YEK LEE

Senior Manager - Treasury, Finance and Accounts

Age	Nationality	Gender
43	Malaysian	Female

Tay Yek Lee joined the Sinmah Group in 2006 as a Senior Accountant. She graduated with a Degree in Accountancy from Universiti Putra Malaysia in the year 2000. She is a Member of Malaysian Institute Accountants (“MIA”).

Tay Yek Lee has about 20 years of working experience in the field of accounting, taxation and financial management. Upon her graduation from the university, she started her career in auditing with Arthur Andersen. Prior to joining the Sinmah Group, she worked as an Audit Senior with Deloitte Kassim Chan.

Tay Yek Lee has no directorships in public companies nor listed issuers. She has no family relationship with any Director and/or major shareholder of the Company. She has no conflict of interest with listed issuers. She has no convictions for offences within the past 5 years other than traffic offences.

Currently, she holds the position of Senior Manager – Treasury, Finance and Accounts and oversees the accounting, financing and taxation functions of the Sinmah Group.

YEO PAY LENG

Senior Manager - Sales, Marketing and Administration - Properties Division

Age	Nationality	Gender
58	Malaysian	Female

Yeo Pay Leng joined Sinmah Development Sdn Bhd in year 1995 as a Sales Administration Manager. Prior to joining Sinmah Development Sdn Bhd, she worked with Supreme Corporation Berhad (now known as Lion Land Berhad).

She is responsible for all sales, marketing and administration matters of Sinmah Development and has nearly 25 years of experience in the sales and marketing of the property development industry.

Yeo Pay Leng has no directorships in public companies nor listed issuers. She has no family relationship with any Director and/or major shareholder of the Company. She has no conflict of interest with listed issuers. She has no convictions for offences within the past 5 years other than traffic offences.

Currently, Yeo Pay Leng holds the position of Senior Manager – Sales, Marketing & Admin in Sinmah Development Sdn Bhd.

DR. MURALI GANESAN

Senior Manager (Clinical Operation) - Healthcare Division

Age	Nationality	Gender
35	Malaysian	Male

Dr Murali Ganesan, joined Sinmah Amegajaya Healthcare Sdn Bhd in 2017. He graduated from Crimea State Medical University, Simferopol, Ukraine with a medical degree. He started his medical career in Miri General Hospital, Sarawak. Subsequently, he ventured into his own business, dealing with complementary medicine and skin care products. He was actively involved in conducting general healthcare talks and electric field therapy. He joined Qualitas Medical Group as a Clinical Audit Manager where he was tasked with auditing the clinical aspect of Qualitas-owned clinics in Malaysia. Subsequently, he was promoted as Business Unit Manager and managed over 20 clinics in the Klang Valley and Negeri Sembilan.

Dr. Murali Ganesan has no directorships in public companies nor listed issuers. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with listed issuers. He has no convictions for offences within the past 5 years other than traffic offences.

He currently holds the position of Senior Manager – Clinical Operations in Sinmah Amegajaya Healthcare Sdn Bhd and is responsible for the planning of new projects and hospital operational-related issues.

Key Senior Management Profile

KENG SENG KOO

Chief Operating Officer - Healthcare Division

Age	Nationality	Gender
56	Malaysian	Male

Keng Seng Koo joined Sinmah Amegajaya Healthcare Sdn Bhd ("SAH") in 2019. He graduated from Federation of Manufacturing Management with a Certificate in Business Management in 2004.

In 1995, Keng Seng Koo joined Farm's Best Food Industries Sdn Bhd ("Farm's Best"), a former subsidiary company of the Company and left as a Senior Manager in 2019 to join SAH.

Keng Seng Koo has over 30 years of Manufacturing Management, Administration, Safety & Health, Training and Industrial experiences. He possesses extensive experience in providing regulatory, quality and compliance solutions on facility design.

Keng Seng Koo has no directorships in public companies nor listed issuers. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with listed issuers. He has no convictions for offences within the past 5 years other than traffic offences.

Currently, Keng Seng Koo holds the position of Chief Operating Officer in Sinmah Amegajaya Healthcare Sdn Bhd and is responsible for the healthcare division within the Sinmah group.

SHANMUGAM KARUPPIAH

Senior Manager - Healthcare Division

Age	Nationality	Gender
54	Malaysian	Male

Shanmugam Karuppiah joined Sinmah Amegajaya Healthcare Sdn Bhd in 2019. He holds a Certificate in Electrical. He also holds a Certified Chargeman certificate issued by the Malaysian Government.

In 1995, Shanmugam joined Farm's Best Food Industries Sdn Bhd ("Farm's Best"), a former subsidiary company of the Company and left as a Technical Services Manager in 2019 to join SAH in 2019.

Shanmugam has over 20 years of electrical and mechanical work experiences.

Shanmugam Karuppiah has no directorships in public companies nor listed issuers. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with listed issuers. He has no convictions for offences within the past 5 years other than traffic offences.

Currently, Shanmugam Karuppiah holds the position of Senior Manager in Sinmah Amegajaya Healthcare Sdn Bhd and is responsible for the mechanical, electrical and maintenance functions of healthcare division within the Sinmah group.

BENJAMIN FONG HIAN BOON

Senior Project Manager - Property Development Division

Age	Nationality	Gender
32	Malaysian	Male

Benjamin Fong Hian Boon joined the Company in 2012 as a management trainee. He graduated with a Degree in International Business from the University of East London in 2012.

Upon his confirmation, he was transferred to Farm's Best Food Industries Sdn. Bhd., a former subsidiary company of the Company, where he was involved in production of processed poultry products. In 2013, he was transferred to the property development division where he joined Sinmah Development Sdn Bhd, a wholly-owned subsidiary of the Company as a Project Executive.

Benjamin Fong Hian Boon has no directorships in public companies nor listed issuers. He is the son of Datuk Fong Kiah Yeow, an Executive Director of the Company and a nephew of Dato' Fong Kok Yong (Managing Director), Fong Ngan Teng (Executive Director) and Fong Choon Kai (Executive Director). He has no convictions for offences within the past 5 years other than traffic offences.

Benjamin Fong Hian Boon has about 8 years working experience, mainly in housing development projects. He is currently the Senior Project Manager in Sinmah Development Sdn. Bhd. and is responsible for the management of the housing projects carried out by the Group.

SIX YEARS FINANCIAL SUMMARY

	FY 2019 RM'000	FY 2018 RM'000	FY 2017 RM'000	FY 2016 RM'000	FY 2015 RM'000	FY 2014 RM'000
FINANCIAL RESULTS						
Revenue	182,458	180,931	299,532	343,696	346,763	418,426
Profit/(loss) before interest and taxation	5,576	(30,739)	36,943	21,530	2,650	24,246
Profit/(loss) before taxation ("PBT")	1,426	(35,135)	25,480	4,971	(15,799)	5,433
Profit/(Loss) after taxation	(803)	(39,716)	15,221	11,915	(15,535)	1,616
Non-controlling interests	50	(538)	193	(21)	236	(614)
Profit/(loss) attributable to owners of the parent ("PATAMI")	(853)	(39,178)	15,028	11,936	(15,771)	2,230
FINANCIAL POSITION						
Share capital	149,840	149,840	123,220	61,083	61,083	61,083
Share premium	-	-	-	62,410	62,410	62,410
Warrants reserve	3,619	3,619	3,706	3,706	3,706	3,706
Accumulated losses	(57,758)	(56,905)	(17,525)	(32,553)	(47,823)	(32,052)
Shareholders' funds	95,701	96,554	109,401	94,646	79,376	95,147
Non-controlling interests	186	958	1,496	1,243	1,223	5,505
TOTAL EQUITY	95,887	97,512	110,897	95,889	80,599	100,652
Property, plant & equipment	6,571	16,041	11,038	54,282	115,488	136,537
Right-of-use assets	3,832	21	22	44	57	61
Inventories	90,359	31,930	31,228	29,389	38,563	45,318
Other non-current assets	3,348	2,264	4,510	3,644	3,682	3,709
Trade receivables	44,155	35,123	94,600	164,807	152,228	161,716
Cash (including cash in Housing Development A/c)	32,625	35,086	22,128	61,282	62,024	60,451
Other current assets	18,430	28,011	94,747	14,697	28,572	5,671
Assets held for sale	-	-	17,345	15,696	-	-
Total Assets	199,320	148,476	275,618	343,841	400,614	413,463
Borrowings	77,302	31,073	104,333	185,820	239,879	250,971
Non-current liabilities (excluding borrowings)	3,312	653	2,123	3,988	11,488	13,420
Current liabilities (excluding borrowings)	22,819	19,238	58,265	58,144	68,648	48,420
Total Liabilities	103,433	50,964	164,721	247,952	320,015	312,811
NET ASSETS	95,887	97,512	110,897	95,889	80,599	100,652
FINANCIAL RATIOS (%)						
PBT margin	0.8	(19.4)	8.5	1.4	(4.6)	1.3
PATAMI margin	(0.5)	(21.7)	5.0	3.5	(4.5)	0.5
Return on shareholders' fund	(0.9)	(40.6)	13.7	12.6	(19.9)	2.3
Gross gearing ratio	80.6	31.9	94.1	193.8	297.6	249.3
SHARE INFORMATION						
Basic earnings/(loss) per share (sen)	(0.4)	(34.7)	24.6	19.5	(25.8)	3.7
Dividend per share (sen)	-	-	-	-	-	-
Net assets per share (RM)	0.4	0.5	1.8	1.6	1.3	1.6

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

Dear valued shareholders and stakeholders, On behalf of my fellow Board members, I am pleased to present to you the Annual Report and Audited Financial Statements of the Company and of the Group for the financial year ended 31 December 2019 ("FYE 2019"), which is accompanied by this Management Discussion and Analysis.

A. GROUP STRUCTURE

Sinmah Capital Berhad ("SCB") is an investment holding company with subsidiaries as shown on page 8 of this Annual Report. The principal activities of SCB and its subsidiaries ("the Group") are shown on pages 123 to 124 of this Annual Report. There are no associated companies in the Group.

B. OVERVIEW OF SCB'S BUSINESS ACTIVITIES

The Group has 3 reportable business divisions comprising:-

1. Food

The food segment comprises manufacturing and wholesale of animal feeds, broiler contract farming and trading of broilers and day-old chicks and poultry biologicals. These activities were carried out by Sinmah Multifeed Sdn Bhd, Sinmah Livestocks Sdn Bhd ("SLSB") and SM Broilers Sdn Bhd. Poultry products are sold to contract farmers and wet market wholesalers.

On 27 February 2019, Sinmah Multifeed Sdn Bhd, the 99.99% owned subsidiary of the Company, had entered into a conditional sale and purchase agreement with Huat Lai Feedmill Sdn Bhd to dispose-off two (2) parcels of leasehold land measuring a total of approximately 4.52 acres (approximately 18,309.90 square meters) together with buildings erected thereon as well as plant and machineries attached to the property for a total cash consideration of RM27.20 million ("the Disposal"). The disposal was completed at the end of the third quarter of the FYE 2019. Moving forward, we shall remain in this segment via contract farming and trading of live broilers, with a view of operating at reduced costs whilst maintaining viability of the food segment.

2. Housing Development

This comprises development and construction of residential and commercial properties. These activities are carried out by Sinmah Development Sdn Bhd, Sinmah Builders Sdn Bhd, Budi Saja Sdn Bhd, Meadow Assets Sdn Bhd and Sinmah Encorp Development Sdn Bhd.

The Group's housing development and construction operations are currently based in Melaka and Johor only. Since venturing into the housing development activity in 1995, the Group has undertaken housing development projects in the following localities:

1) Bukit Katil

The Group commenced its housing development activities in 1995 by developing freehold land located at Bukit Katil, Melaka into 1,473 units of mixed residential and commercial properties. Development in this area is at its tail end, where nearly all units have been completed and sold.

2) Krubong

In 2008, the Group purchased a piece of leasehold land measuring 24.282 hectares to be developed into 710 units of mixed development together with one plot for commercial building and one bungalow lot. Subsequently, there were changes made to the original plan and the total units developed became 666 units of mixed development together with one plot for commercial building and one bungalow lot. All 666 units of mixed development have been launched and are to be fully completed in the FYE 2020. The plot of land which was for building a commercial building has now been changed to six (6) units of semi-detached houses subject to approval from the local authorities. The application for change of plan has yet to be submitted to the local authorities. The Group expects to submit the application for change in plan during the third quarter of the FYE 2020.

Chairman's Statement and Management Discussion and Analysis

3) Tanjung Minyak

This is a relatively small piece of freehold land on which the Group had intended to build 14 units of double-storey terrace houses and 24 units of double-storey shop office. All the double-storey terrace houses and 15 units of the double-storey shop office have been completed during the FYE 2018. All double-storey terrace houses have already been sold while under construction but only 3 units of the shop office have been sold. Due to the slow take up rate of the shop offices, the Group had applied for change in plan for the 9 units of shop offices that have yet to commence construction, to construct double-storey houses instead. The Group has submitted its application for change in plan during the previous FYE 2018 and approval was obtained during the last quarter of the current FYE 2019.

Our objectives are to expand our housing development activities with the view of diversifying into housing development on a larger scale. In line with this objective, Sinmah Development Sdn Bhd ("SDSB"), a wholly-owned subsidiary of the Company had during the previous FYE 2018 acquired 2.675 acres of land beside the Group's existing Tanjung Minyak project for the proposed development of 34 units of one and a half storey terrace houses.

In addition to that SDSB had also acquired a piece of freehold land measuring approximately 11.169 acres in Mukim Durian Tunggal, Daerah Alor Gajah, Melaka for the proposed development of 188 units of residential properties.

In order to ensure that there will be adequate development and construction activities for the present and the future, SDSB had completed the acquisitions of the entire share capital of Budi Saja Sdn Bhd ("Budi") and Meadow Assets Sdn Bhd ("Meadow") during the second quarter of the FYE 2019.

Budi is the registered owner of ten (10) parcels of vacant freehold land located at Batu 17, Jalan Sengkang, Bukit Gambir, Muar, Johor with an aggregate area measuring approximately 55.24 acres which have been sub-divided into 390 individual titles and 56 strata titles will be issued after the completion of the development project on the said lands. Phase 1 and Phase 2 of this project known as Taman Gambir Perdana were officially launched in December 2019.

Meadow is the registered owner of a piece of vacant freehold land located at Mukim of Bukit Baru, in the district of Melaka Tengah measuring approximately 3.1374 acres for future development purposes.

The above acquisitions are intended to enable Sinmah Development to expand the Group's property development activities by leveraging on the Planning Permissions held by Budi and Meadow.

3. Healthcare

This comprises clinics, laboratories, diagnostic centers and hospitals. These activities are carried out by Sinmah Healthcare Sdn Bhd ("SHSB") and its subsidiary companies, Sinmah Amegajaya Healthcare Sdn Bhd ("SAH"), a 99% owned subsidiary company of SHSB, and SAH Medical Sdn Bhd ("SM"), a 65% owned subsidiary company of SHSB. SAH has the following subsidiary companies: SAH Mutiara Sdn Bhd (85% owned), SAH Medical Center Sdn Bhd (95% owned), Sterling Healthcare Sdn. Bhd. (100% owned), SAH Medical Center (Batu Kawan) Sdn Bhd (70% owned) and Medigo Laboratories & Diagnostics Sdn Bhd (100% owned). SM has the following subsidiary companies: SAH Medical Center (Melaka) Sdn Bhd (100% owned) (formerly known as SAH Medical Center (Melawati) Sdn Bhd) and SAH Medical Center (Segamat) Sdn Bhd (100% owned).

This segment has just commenced operations during the 4th quarter of the FYE 2019 and it currently runs a clinic in Seri Kembangan, Selangor. Other clinics that are targeted to commence operations in the FYE 2020 are clinics in Sri Andalas, Klang and Krubong, Melaka.

Chairman's Statement and Management Discussion and Analysis

C. GROUP FINANCIAL PERFORMANCE AND POSITION REVIEW

The table below highlights the Group's key financial performance and position for FYE 2019:

	FYE 2019	FYE 2018	Changes
	RM'000	RM'000	RM'000
Revenue	182,458	180,931	+1,527
Expenses	28,439	64,726	-36,287
Other operating income	25,994	21,371	+4,623
Gross profit	3,871	8,220	-4,349
Profit/(loss) before taxation	1,426	(35,135)	+36,561
Loss after taxation	(803)	(39,716)	+38,913
Gross profit margin	2.1%	4.5%	-2.4%
Pre-tax margin	0.8%	(19.4%)	+20.2%
Net loss margin	(0.4%)	(21.9%)	+21.5%
Total assets	199,320	148,476	+50,844
Total liabilities	103,433	50,964	+52,469
Total equity	95,887	97,512	-1,625
Total loans/borrowings	77,302	31,073	+46,229
Gearing ratio	0.81	0.32	+0.49
Cash and bank balances	32,625	35,086	-2,461
Issued and fully paid capital	149,840	149,840	-
Net assets per share (sen)	44.85	45.61	-0.76
Basic earnings per share (sen)	(0.4)	(34.7)	+34.3

Revenue

The Group's revenue for FYE 2019 had increased by RM1.53 million or 1% as compared to the financial year ended 31 December 2018 ("FYE 2018"). The increase in revenue was mainly from increase in sales quantity of broilers in its food division, increase in number of properties sold from housing development division during the FYE 2019 as compared to the FYE 2018 and also revenue contribution from healthcare division having commence during the 4th quarter of the FYE 2019.

The increase in sales revenue from the food division is attributable to increase in trading activities so as to minimize the loss from contract farming activities. The increase in revenue from the property development division is attributable to the acquisition of two subsidiary companies within the property development division, for

which one of the acquired subsidiary company has launched the sales of its properties during the last month of the FYE 2019.

Gross profit

Gross profit had decreased by RM4.35 million or 53% in the FYE 2019. This was mainly from the increase in production cost resulting from increase in prices of raw feedstuffs and lower production of feed quantities during the FYE 2019 as compared with the FYE 2018. Furthermore, gross profit from development activities decreased significantly as sales were mainly from its low margin project i.e. Rumah Mampu Milik Melaka in Krubong.

Other operating income

Other operating income had increased by RM4.62 million or 22% in the FYE 2019. The increase is attributable to the following:-

- Pre-tax gain on disposal of feed mill assets amounting to RM18.71 million in the FYE 2019.
- Pre-tax gain on disposal of 9 subsidiary companies amounting to RM2.48 million.

This was partially offset by the recognition of pre-tax gain on disposal of about RM16.1million, arising from the disposal of the balance of broiler farms in FYE 2018.

Expenses

Expenses had decreased by RM36.29 million or 56% in the FYE 2019. This was mainly due to impairment loss on trade receivables of RM24.61 million and repair and maintenance costs of disposed farms of RM10.38 million were incurred during the FYE 2018. During the FYE 2019, impairment loss on trade receivables was only RM0.74 million.

Loss after tax

Significant decrease in loss after tax was due to increase in other income due to disposal of the Group's feed mill assets and also the reduction in impairment loss on trade receivables and repair and maintenance costs of disposed farms as explained above.

Total assets

Increase in total assets was mainly due to acquisition of 2 new subsidiary companies which are involved in property development activities during the FYE 2019.

Chairman's Statement and Management Discussion and Analysis

Total liabilities

Increase in total liabilities is also attributable to the acquisition of the 2 new subsidiary companies involved in property development activities during the FYE 2019.

This has resulted in the Group's gearing ratio increasing from 0.22 in the FYE 2018 to 0.76 in the FYE 2019.

D. OPERATIONS AND FINANCIAL PERFORMANCE BY DIVISIONS

1. FOOD

Marketing and distribution of poultry feeds, broiler contract farming and trading of broilers and day-old chicks and poultry biologicals

FYE 2019 was a better year for the food division due to shift in business direction whereby the Group does more trading than contract farming activities. Overheads have decreased significantly whilst profit margin have remained the same despite increase in production costs as average selling prices have also increased.

The performance of the poultry segment for the FYE 2019 as compared to FYE 2018 is summarized below:

	2019 RM'000	2018 RM'000	Variance RM'000
Total revenue	289,667	347,021	-57,354
Inter-segment revenue	(124,055)	(182,840)	+58,785
External revenue	165,612	164,181	+1,431
Results			
Segment results	13,565	(33,737)	+47,302
Interest and rental income	542	548	-6
Operating profit	14,107	(33,189)	+47,296
Finance costs	(2,664)	(3,600)	+936
Profit before taxation	11,443	(36,789)	+48,232
Taxation	(2,748)	(5,974)	+3,226
Profit/(loss) for the year	8,695	(42,763)	+51,458



Temperature-controlled closed broilers house

Revenue from the food division increased by RM1.43 million mainly due to increase in trading activities during the FYE 2019.

Operating profit of the food division had improved by RM47.30 million mainly due to decrease in impairment loss on trade receivables of RM23.87 million and repair and maintenance costs on disposed farms of RM10.38 million incurred in FYE 2018. Furthermore, overheads have decreased significantly and there is a pre-tax gain on disposal of feed mill assets of RM18.71 million during the FYE 2019 as compared to a pre-tax gain on disposal of remaining broiler farms of RM16.10 million during the FYE 2018.

Hence, profit after taxation improved from a loss of RM42.76 million in the FYE 2018 to a profit after taxation of RM8.70 million in the FYE 2019.

Strategies

Our strategy is to continue to be involved in the food segment by maintaining our contract farming customers and to increase trading in broilers and day-old chicks to supplement the profits from the food division.

Chairman's Statement and Management Discussion and Analysis

2. HOUSING DEVELOPMENT**Construction and sale of residential and commercial properties**

FYE 2019 was a challenging year for the housing development division due to competitiveness of the industry and also due bad debts written off in an acquired subsidiary during the FYE 2019.

The performance of the housing development division for the FYE 2019 as compared to FYE 2018 is summarized below:

	2019 RM'000	2018 RM'000	Variance RM'000
Total revenue	29,090	25,544	+3,546
Inter-segment revenue	(12,291)	(8,794)	-3,497
External revenue	16,799	16,750	+49
Results			
Segment results	(3,684)	1,610	-5,294
Interest and rental income	63	85	-22
Operating profit	(3,621)	1,695	-5,316
Finance costs	(1,296)	(636)	-660
Profit before taxation	(4,917)	1,059	-5,976
Taxation	84	(394)	+478
Profit/(loss) for the year	(4,833)	665	-5,498

Revenue from the housing development division increased by RM0.05 million mainly due higher increase in number of properties sold during the FYE 2019 resulting from sales of newly launched project of a newly acquired subsidiary company.

However, operating profit of the housing development division had decreased by RM5.73 million mainly due to the attributable profit generated by the existing projects of the Group are also insufficient in covering the operating costs as revenues are mainly from its low-margin project i.e. Rumah Mampu Milik Melaka in Krubong. Furthermore, there was a bad debt written off of RM0.64 million in the newly acquired subsidiary company.



Taman Gambir Perdana (Double Storey Terrace)

As a result, profit after taxation deteriorated from a profit of RM0.67 million in the FYE 2019 to a loss of RM4.83 million in the FYE 2019.

Strategies

Our strategy is to expand our activities in the housing development segment by sourcing for land banks and joint-venture opportunities within this segment.

During the FYE 2018, the Group had purchased two (2) pieces of freehold land in Mukim Tanjung Minyak, Daerah Melaka Tengah, Negeri Melaka measuring a total of approximately 2.675 acres for future development.

During the FYE 2019, the Group had completed the acquisition of 2 new subsidiary companies which are involved in property development activities. One of the subsidiary companies, i.e. Budi Saja Sdn Bhd has land banks totaling approximately 55.24 acres while the other, i.e. Meadow Assets Sdn Bhd has land banks totaling approximately 3.14 acres.

The Group had purchased a piece of vacant freehold land held under individual title known as Geran 5499, Lot 953, Mukim Durian Tunggal, Daerah Alor Gajah, Negeri Melaka, measuring approximately 11.169 acres for a total cash consideration of RM7,297,824.60 for future development purposes.

Chairman's Statement and Management Discussion and Analysis

3. HEALTHCARE

Clinics, laboratories, diagnostic centers, hospitals and other healthcare related services

The performance of healthcare division for the FYE 2019 as compared to FYE 2018 is summarized below:

	2019 RM'000	2018 RM'000	Variance RM'000
Total revenue	47	-	+47
Inter-segment revenue	-	-	-
External revenue	47	-	+47
Results			
Segment results	(1,788)	(427)	-1,361
Interest and rental income	-	-	-
Operating loss	(1,788)	(427)	-1,361
Finance costs	(47)	-	-47
Loss before taxation	(1,835)	(427)	-1,408
Taxation	(28)	-	-28
Loss for the year	(1,863)	(427)	-1,436

Revenue from the healthcare division increased by RM0.05 million mainly due to commencement of operations during the FYE 2019.

Operating loss of this division had increased by RM1.36 million mainly due to increase in operating expenses arising from increase in workforce during the FYE 2019.

As a result, loss after taxation increased from RM0.43 million in the FYE 2018 to RM1.86 million in the FYE 2019.



E. RISK MANAGEMENT

The Group has in place a risk management system to manage the risks of the Group.

Among the risks managed by the Group are the following:

i) Fluctuations in commodity prices

The Group's housing development operations are affected by the risk of fluctuating building material prices, such as steel, timber, bricks and cement. This risk is mitigated through constant monitoring of commodity prices to ensure that building materials are purchased in advance of impending prices increases.

ii) Fluctuations in foreign currency exchange

The Group has not entered into any derivative instruments for hedging or trading purposes as the Group's exposure to foreign currency risk is minimal.

iii) Disease challenges

The Group mitigates the risk of disease challenges in its poultry rearing activities by ensuring proper bio-security measures are implemented at all farms in order to reduce the risk of outbreak of diseases.

Chairman's Statement and Management Discussion and Analysis

iv) Credit risk

The Group's exposure to credit risk arises principally its receivables from customers and deposits with licensed banks and financial institutions. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

v) Liquidity risks

The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

vi) Interest rate risks

The Group's fixed rate deposits placed with licensed banks and borrowings are exposed to risk of change in the fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at banks and maintaining a prudent mix of short and long term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risks by reviewing its debts portfolio to ensure favourable rates are obtained.

F. CORPORATE GOVERNANCE

The Group is committed to implement the best practice of corporate governance to enhance and increase shareholders' value. The Group has its risk management and internal control procedures in place to ensure transparency, accountability and integrity are attained and maintained in managing the Group businesses.

Policies that the Group has officially adopted include Corporate Disclosure Policy, Fraud Policy, Whistle Blowing Policy, Group Risk Management Policy, Succession Planning Policy, Emergency Succession Planning Policy and Anti-Bribery and Anti-Corruption Policy. The Group will continue to adopt more corporate policies to ensure sustainability of the Group.

The Board of Directors' responsibilities for preparing the annual audited financial statements are disclosed in the Directors' Responsibilities Statement set out in this Annual Report 2019.

The audited financial statements of Sinmah Capital Berhad are not subject to any qualification as disclosed in the Independent Auditors' Report to the Members.



Taman Krubeng Utama (Double Storey Terrace)

Chairman's Statement and Management Discussion and Analysis



Taman Tanjung Minyak Jaya (Double Storey Shop Office)



Klinik Putra Care, Sri Andalas, Klang

G. OUTLOOK

As mentioned earlier, the Group's strategy for the food division is to do more trading activities than contract farming activities. Hence, the Group will continually increase its trading of poultry feeds, day-old chicks and broilers in the FYE 2020.

The Group is looking at ways to enhance its housing development operations. As explained above, the Group had increased its land banks for future development.

As for its healthcare division, the Group is currently concentrating on establishing its clinic operations whilst looking into avenues to construct and manage hospitals. The Group has already commenced operations of a clinic in Seri Kembangan, Selangor during the FYE 2019. The Group has already completed renovation works on a clinic in Sri Andalas, Klang and is awaiting approval to commence operations. However, due to the Movement Control Order issued by the government, we foresee that there would be delays in obtaining approval. Nevertheless, the Group hopes it can commence operations of the Sri Andalas clinic during the second quarter of the FYE 2020.

Besides that, the Group intends to open another clinic located in Taman Krubong Utama, Melaka which is at its planning stage.

The COVID-19 pandemic had already made its mark in 2020 and the Group expects the FYE 31 December 2020 to be a very challenging year. Nevertheless, management will continuously monitor the situation and take the necessary steps to minimize the impact of COVID-19 on the results of the Company and the Group for the FYE 31 December 2020.

ACKNOWLEDGEMENT

The Group gratefully acknowledges the support and guidance received from the State Government of Melaka, Department of Veterinary Services, the Agriculture Ministry, MITI, MIDA, Immigration Department, Ministry of Housing, Real Estate and Housing Developers' Association Malaysia (REHDA), Construction Industry Development Board (CIDB), Kementerian Kesihatan Malaysia (KKM) and other ministries and agencies. Our appreciation is also extended to our business partners, consultants, customers, suppliers and financiers.

I also wish to extend my most heartfelt appreciation to my fellow Board members for their support, contribution and dedication in discharging their duties and responsibilities. We also recognize that our dedicated workforce remains the backbone of the Group and they had helped to build a good reputation that the Group currently enjoys. On behalf of the Board, I wish to express our utmost appreciation to them.

Lastly, I wish to thank you, our shareholders, for your unwavering support and we look forward to your continuing vote of confidence. Thank you.

DATUK HJ. ZAINAL BIN HJ. SHAMSUDIN
CHAIRMAN

Sinmah Capital Berhad (“Sinmah”) and its subsidiaries (the “Group”) believes in business sustainability and aims to make a positive difference through its dynamic business activities. We believe in delivering long term business value for our stakeholders, not only via achieving business growth and operational profitability but also through creating and preserving economic, environmental, and social (“EES”) values.

The sustainable business management of Sinmah Group is guided by our four pillars of Basic Principles which sets the foundation to the Group’s business sustainability strategy:



The Board of Directors (“Board”) of Sinmah is pleased to present this FY2019 Sustainability Statement (“Statement”) which sets out what the Board considers as material economic, environmental and social risks and opportunities to the Group’s operations, also known as “Material Sustainability Matters” (“MSMs”), and how they are managed, for and during the financial year ended 31 December 2019.

This Statement is prepared in accordance with the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa”) and has incorporated consideration of the Sustainability Reporting Guide – 2nd Edition, including its accompanying Toolkits, issued by Bursa (“Sustainability Reporting Guide”). We have also considered other sustainability reporting standards and guidelines such as the GRI Standards and relevant industry-specific references and publications.

Sustainability Statement

Scope of Reporting

This Statement reports on the Group's sustainability management and performance for the financial year ended 31 December 2019, and it covers the Group's business segments and activities in the manner detailed in the table below.

Business Segments	Other information
Food Segment	<p>As at 31 December 2019, the Group's active business within the Food Segment is its broiler contract farming and poultry trading businesses, operated by Sinmah Livestocks Sdn Bhd and SM Broilers Sdn Bhd, both of which are wholly-owned subsidiaries of Sinmah.</p> <p>The key activity of the poultry trading business is the trading of live birds sourced from contract farmers, managed via the broiler contract farming business.</p> <p>Apart from trading activities, business operations in the Food Segment remain minimal. Hence the scope of this Statement will not include the Food Segment.</p>
Property Development Segment	<p>The Group's Property Development Segment is operated by Sinmah Development Sdn. Bhd. ("SDSB") which entails property development projects and construction activities. SDSB had acquired 2 new subsidiaries i.e. Budi Saja Sdn. Bhd. ("BSSB") and Meadow Assets Sdn. Bhd. ("MASB"). Active property development projects during FY2019 are as follows:</p> <ul style="list-style-type: none"> • Taman Krubong Utama (developed by SDSB); and • Taman Gambir Perdana (developed by BSSB). <p>The scope of this Statement includes the entire Property Development Segment, including all 2 projects stated above.</p>
Healthcare Segment	<p>The scope of this Statement will not include the Group's Healthcare Segment as the operation of this segment is still at a development stage and there has yet to be a significant contribution from this segment.</p> <p>Nonetheless, the Group has conducted a materiality assessment for the Healthcare Segment and has incorporated material economic, environmental, and social considerations in the healthcare businesses.</p> <p>Subject to the development of the Healthcare Segment, the Group endeavours to enhance its preparedness to target to include its Healthcare Segment in the scope of Sustainability Statement in the coming two years.</p>

Governance Structure for Sustainability Management

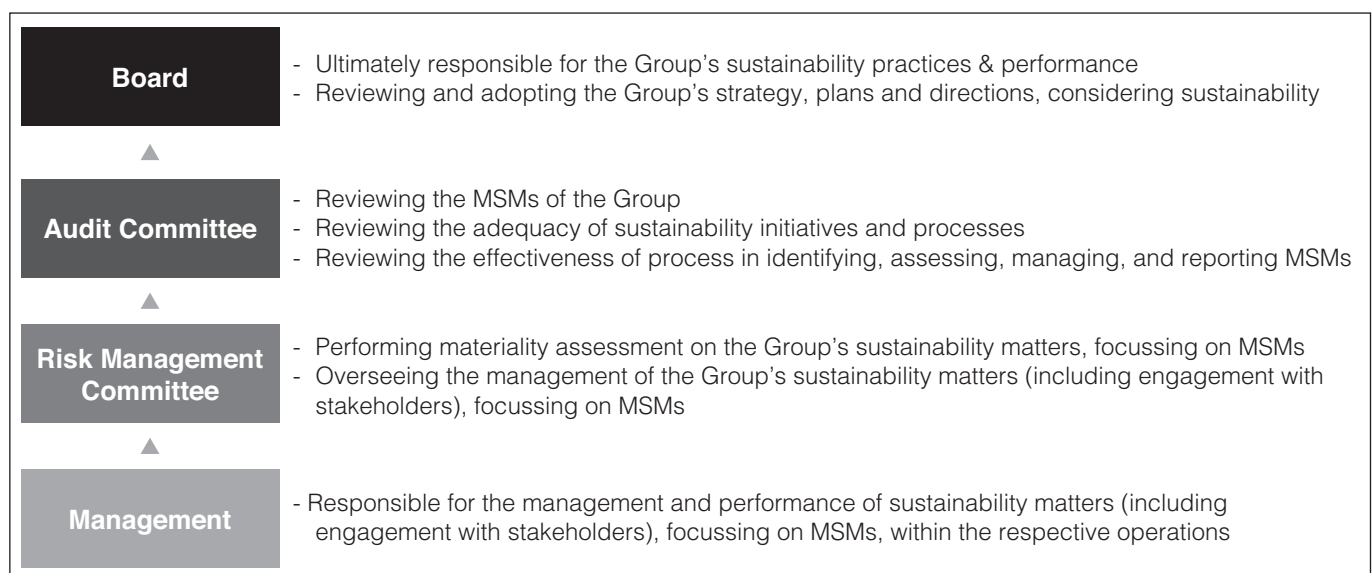
The Group’s business sustainability strategy and initiatives are spearheaded by Sinmah’s Board. The Board is responsible for reviewing and adopting the overall corporate strategy, plans, and directions for the Group, including those related to sustainability. The Board is assisted by the Audit Committee, which is entrusted with the responsibility to the Group’s MSMs considering the sustainability strategy set by the Board, as well as to review the adequacy and effectiveness of internal controls addressing the Group’s sustainability considerations.

During the financial year under review, we have assessed our governance structure and have formally tasked the Risk Management Committee to undertake the responsibility to oversee the management of sustainability risks and opportunities of the Group’s business. Together with its oversight over enterprise-wide risk management, the Risk Management Committee is able to deliver effective, efficient, and synergistic management of the Group’s sustainability. The Risk Management Committee, which is headed by the Group’s Managing Director and comprises the heads of departments of the business units of the Group, is responsible for identifying and assessing the Group’s sustainability matters, i.e. materiality assessment, considering the Group’s impact in terms of EES aspects. The responsibilities of the Risk Management Committee, where the management of sustainability matters is concerned, include the following:

- to incorporate sustainability into Sinmah Capital Berhad’s risk management and corporate strategies;
- to oversee the stakeholder engagement processes of the Group;
- to perform materiality assessment on the Group’s EES matters;
- to oversee the management of the Group’s sustainability matters;
- to monitor and report the Group’s MSMs to the Audit Committee; and
- to develop sustainability-related disclosures of the Group, including the Sustainability Statement required by Bursa’s Listing Requirements.

Management, which is led by the Group’s Managing Director, is then responsible for the execution of processes and internal controls put in place to manage the Group’s sustainability matters, which also include engagement with stakeholders, ensuring the sustainability-related policies and procedures are complied with, and ensuring the key performance indicators for managing MSMs are achieved and reported.

Our governance structure with regard to the management of the Group’s sustainability is illustrated and summarised as follows:



Sustainability Statement

Sustainability Policy and Management Approach

For the purpose of setting a clear direction towards pursuing sustainability in the Group's business, the Board had approved and adopted a Sustainability Policy which states the Group's management philosophy with respect to business sustainability and provides the guiding principles for the Group's Management of sustainability risks and opportunities, summarised as follows:

- to observe and comply with all relevant legislation, regulations, and codes of practice applicable and relevant to the Group;
- to consider sustainability issues and integrate these considerations when considering business decisions;
- to promote and ensure all employees are aware of, and are committed to, implementing and measuring sustainability activities as part of the Group's strategy, taking into consideration the economic, environmental, social, and governance aspects; and
- to strive to improve the Group's sustainability performance.

Guided by the Sustainability Policy, as well as the Sustainability Reporting Guide and other sustainability reporting standards and guidelines, we have undertaken the following activities, for and during the financial year ended 31 December 2019, to enable the Group's systematic management and reporting of its sustainability:

- materiality assessment;
- stakeholder engagement;
- management and reporting of MSMs; and
- determining the reporting scope of and preparing the Group's FY2019 Sustainability Statement.

Stakeholder Engagement

It is crucial that the Group understands its stakeholders' expectations to be able to create long-term and sustainable value to its stakeholders. Such consideration is an integral part of the Group's business process and the relevant heads of departments are responsible for ensuring effective communication with the key stakeholders of the Group.

We value the views of our stakeholders and interacts and communicates with them through various platforms, either formal or informal engagements, to help us keep up-to-date with the concerns and issues of stakeholders, which, amongst others, are summarised in the table below:

STAKEHOLDERS	ENGAGEMENT PLATFORMS	ENGAGEMENT AREAS	STAKEHOLDER CONCERNS	MANAGEMENT RESPONSE
Employees	<ul style="list-style-type: none"> - Code of Conduct - Training and learning programmes 	<ul style="list-style-type: none"> - Employee engagement - Operational performance and issues - Code of Ethics - Health and safe working environment 	<ul style="list-style-type: none"> - Career development - Benefits - Employment equality - Working environment - Job performance 	<ul style="list-style-type: none"> - Training programmes - Employee engagement - Staff welfare meeting - Career development programme

STAKEHOLDERS	ENGAGEMENT PLATFORMS	ENGAGEMENT AREAS	STAKEHOLDER CONCERNS	MANAGEMENT RESPONSE
Customer	<ul style="list-style-type: none"> - Letter of Hand-over of keys - Face to face interaction or via telephone 	<ul style="list-style-type: none"> - Safe and quality products - Good governance practices - Regulatory compliances 	<ul style="list-style-type: none"> - Poor quality products such as houses - Non-compliance with law 	<ul style="list-style-type: none"> - Customers complaints forms
Contractor and suppliers	<ul style="list-style-type: none"> - Interviews - Face to face interaction 	<ul style="list-style-type: none"> - Business continuity - Regulatory compliances 	<ul style="list-style-type: none"> - Shortage in supply - Quality of supplies 	<ul style="list-style-type: none"> - Supplier assessment form
Government and Regulators	<ul style="list-style-type: none"> - On-going meetings and interaction 	<ul style="list-style-type: none"> - Regulatory compliances - Responsible business practices 	<ul style="list-style-type: none"> - Non-compliance to laws and regulations 	<ul style="list-style-type: none"> - Continuous training on regulatory requirements and updates - Consultations with regulators to ensure compliance
Shareholders and investors	<ul style="list-style-type: none"> - Annual General Meeting - Financial statements and quarterly reporting - Press release 	<ul style="list-style-type: none"> - Financial reporting on performance - Good corporate governance 	<ul style="list-style-type: none"> - Activities carried out by Group not disclosed - Any event leading to financial losses 	<ul style="list-style-type: none"> - Set up of corporate disclosure committee to oversee the investor relationship function
Communities	<ul style="list-style-type: none"> - Online platform - Corporate voluntary program 	<ul style="list-style-type: none"> - Indirect economic contribution - Responsible environment management 	<ul style="list-style-type: none"> - Activities carried out causing negative impact on community - Affordable housing 	<ul style="list-style-type: none"> - Community programmes such as financial assistance for the needy - Participated in government programmes for affordable housing

Sustainability Statement

Materiality Assessment

For the financial year under review, we have undertaken a materiality assessment to systematically identify, assess, and prioritise the Group's sustainability matters. The approach towards the materiality assessment is adopted from the Sustainability Reporting Guide and is in line with the Listing Requirements, including Practice Note 9 of the Listing Requirements. The Group has considered the Group's EES risks and opportunities and if they:

- reflect the Group's significant EES impacts; or
- substantively influence the assessments and decisions of stakeholders.

The materiality assessment process was led by the Group's Managing Director and participated by Senior Management of the Group's businesses. Various aspects were considered, including the internal and external factors of the business environment and industry, assessment and prioritisation of the key stakeholders of the Group, review of its stakeholder engagement processes, assessment of the various EES aspects which may impact or be impacted by the Group's businesses from the point of view of the business as well as from the point of view of stakeholders, as well as possible emerging risks which may affect the Group's business or its stakeholders.

Arising from the materiality assessment, the Group has identified the following MSMs for the scope covered in this Statement, i.e. Property Development Segment.

- Legal and Regulatory Compliance;
- Business Integrity and Ethics;
- Ensuring a Safe Workplace;
- Product Safety and Quality and Customer Satisfaction; and
- Employee Learning and Development.

For the financial year under review, the Group has realigned and recategorised its materiality matters to allow for a better focus on the sustainability matters of the Group and its business segments. Compared to our Sustainability Statement for the preceding financial year, i.e. FY2018, the MSMs identified above remained largely similar in their focus areas.

The following section of this Statement will discuss each of the Group's MSM in detail.

Material Sustainability Matters

Legal and Regulatory Compliance

It is important that we comply with applicable laws, regulations, and standards and guidelines prescribed by authorities and regulations relevant to our Property Development Segment to ensure its property development projects and operations meet the legal and regulatory requirements which are enacted, amongst others, for the protection and preservation of the economy, environment, and/or society.

The various laws and regulations applicable to the Property Development Segment include, amongst others, those related to public listed companies, financial reporting, construction law, labour law, and environmental laws. In order to address the various applicable laws and regulations, we have included considerations relating to compliance matter in its group-wide risk management system, which was developed guided by the ISO 31000:2018 – Risk Management – Guidelines. Risk owners, in their respective roles, are responsible for ensuring compliance with applicable laws and regulations within the business processes for which they are accountable. Furthermore, risks identified in the group-wide risk management system, including those relating to compliance, are monitored and reviewed at least once a year.

Furthermore, the Group has tasked its Corporate Affairs Division to monitor and review compliance with applicable laws and regulations. The Corporate Affairs Division is also responsible for keeping the Group updated on any new developments of relevant laws and regulations are applicable to the Group's business.

At the Board level, the Board is assisted by qualified and competent Company Secretaries who are members of Malaysian Institute of Accountants and/or the Malaysian Institute of Chartered Secretaries and Administrators. The Company Secretaries are responsible to keep themselves abreast of the development of laws and regulations, especially those related to corporation laws, corporate governance, and the Listing Requirements, and advise the Board on compliance in these areas.

During the financial year under review, the Group's Property Development Segment was imposed a minor fine of not more than RM1,800 for minor offences which have been rectified by Management.

Recently development relating to the Malaysian Anti-Corruption Commission Act 2009 has introduced corporate liability to commercial organisations in cases where a person associated with it gives a bribe to obtain or retain business or a business advantage for the commercial organisation. Aware of the amendment, the Group is in the midst of reviewing its existing internal controls to address any gaps and weaknesses to put in place adequate procedures to prevent the conduct of bribery in the Group's businesses.

Business Integrity and Ethics

We believe in conducting business with high standards of integrity and business ethics. As much as we endeavour to create long-term value for our stakeholders, we aim to foster open, transparent, and honest business relationships with them, including our employees, suppliers, contractors and sub-contractors, customers, etc.

In order to set a standard of what is expected of our directors and employees in representing the Group in performing business, we have set out a Directors' Code of Ethics and the Sinmah Group Code of Ethics which are applicable to the Group's Directors and employees, respectively. Integrity is, amongst few others, one of the key principles that the Directors' Code of Ethics and the Sinmah Group Code of Ethics were built upon, and directors and employees are expected to uphold the highest degree of business ethics and professional conduct when carrying out their duties and responsibilities with, for and on behalf of the Group.

In the Group, we promote a culture of openness which encourages our employees to share and express any divergent views and raise concerns. We have an open-door policy which aims to enable an open and transparent exchange of views between the Group's leadership and the employees, allowing the Group to have a better understanding of the aspirations of employees and the fostering of mutual trust and common vision to drive the Group's achievement of long term value creation for stakeholders, of which employees are also a part.

We have also established a whistleblowing mechanism, guided by our Whistleblowing Policy, for our employees to disclose any unethical activities or wrongdoing without fear of reprisal. The Whistleblowing Policy is available on our website.

During the financial year ended 31 December 2019, there were no integrity or ethics-related whistleblowing case.

Sustainability Statement

Product Safety and Quality and Customer Satisfaction

Putting our “Customer First” philosophy in the delivery of our product and services, we strive to create value through safe and quality products and services. Not only does the Group seek to boost and preserve customer satisfaction and brand reputation, it also seeks to create long-term customer relationships built based on trust and confidence. To achieve that, we maintain open engagements with our customers to obtain customers’ feedback on their comments and suggestions on our products and services and where we could improve ourselves. We engage our customers at different stages such as pre-sale, post-sale, and during defects liability period.

Formal processes are put in place for the Property Development Segment to document unsatisfactory workmanship during the defects liability period and to ensure issues raised are addressed. Proper documentation is also in place to enable the Group to analyse and identify potential improvement areas within its business processes, such as the selection of sub-contractors or sourcing of materials. In addition, the Group has also established a process for customers to lodge formal complaints. Feedback from customers provides valuable input for the enhancement of our products and processes.

During the financial year ended 31 December 2019, there were no house key handovers as current projects during the financial year under review were still ongoing.

The spirit of striving for quality is integrated into our business processes and project quality planning is also incorporated as part of our Standard Operating Manual. Valuing the roles our business partners in creating quality products together, we maintain close engagements with our business partners, including consultants, suppliers, and contractors and sub-contractors.

We incorporate safety and quality since the beginning stages of development, i.e. during the building design stage, through discussions with our architects and relevant consultants. Amongst others, the design aspects considered include comfortable living, meeting the lifestyle of the demographics of our target customers, and choosing the appropriate and safe materials to be used in our buildings.

During the construction stage, we collaborate closely with suppliers and contractors or subcontractors to monitor construction progress and resolve together any challenges faced, while ensuring safety and quality are not compromised. From time to time, we initiate sessions with consultants and contractors to enable the sharing of professional expertise and experience, for the purpose of augmenting the capabilities of ourselves and our business partners.

While we have yet to attain a project size that makes it economically feasible to obtain external QLASSIC quality assessment, the Group has established an internal quality assessment process which assesses the standards of quality of workmanship for various elements of building construction work, such as architectural, mechanical, electrical, and external works.

Following the Construction Industry Development Board’s (“CIDB”) push towards having more construction projects certified with QLASSIC, the Group will continue to monitor, assess, and consider approaches which the Group could take to provide our customers and the market with enhanced quality assurance.

Bearing in mind the potential of technology and innovation in the revolutionisation of the property development sector, the Group is always keeping itself abreast of developments in this area and considering the feasibility of leveraging of such technologies or innovation to improve operational efficiencies, cost efficiency, better safety and quality in our products. Adoption of some of these innovative practices could also help to better protect and preserve the environment, such as the use of aluminium alloy formwork which is reusable and is able to reduce waste as compared to conventional timber formwork.

Ensuring a Safe Workplace

The people of Sinmah Group is our valuable asset. The safety and well-being of our employees must be protected and hence, we have established a Safety, Health, and Environment Policy for Sinmah Builders Sdn Bhd, the key construction arm of the Group, which provides guidance for safety practices and priorities in our construction operations.

The responsibility of ensuring workplace safety is incorporated in our business governance structure, through the establishment of an Safety and Health Committee whose responsibilities include ensuring a process for ensuring the safety of our employees and workers are in place at the construction sites. The Safety and Health Committee comprises representatives of the contractors as well as representatives of the Group's management, and it also includes a qualified and competent Safety and Health Officer whose responsibility is to ensure applicable occupational safety and health laws and regulations are complied with, at the construction site. The Safety and Health Officer visits the construction sites periodically and recommends improvement to enhance safety and health processes at sites, where necessary.

Better practices for safety and health have also been incorporated in the Safety, Health and Environment Manual of the Property Development Segment. Apart from ensuring compliance with occupational safety and health laws and regulations, the Safety and Health Officer also looks into compliance with safety and health-related controls and procedures provided in the Safety, Health and Environment Manual, ensuring and promoting awareness to maintaining a safe work environment. A process for Hazard Identification, Risk Assessment and Risk Control ("HIRARC") is in place to identify and assess key hazards in operations, to ensure extra focus and attention is given in these areas to avoid and mitigate such safety risks. The process, including the key hazards, is formally documented to ensure systematic and conscious management of such hazards. The monitoring of the management of key hazards identified under HIRARC is also part of the responsibilities of the Safety and Health Committee.

Training also plays a crucial role in educating our employees and workers to avoid and manage work hazards, keeping a safe work environment, and responding to emergencies. As such, safety and health-related training, including safety briefings, is provided to employees and workers working at site from time to time.

Despite the various controls, policies, and procedures put in place, accidents may still occur. On a monthly basis, the Safety and Health Officer for each site produces work safety records, including the man-hours worked, any accidents or incidents occurred, and the lost-time injury. The monthly safety records allow the Safety and Health Committee to monitor the management of safety and health risk at the construction sites and to respond to any gaps or weaknesses in safety and health-related controls via mitigative actions such as process improvement or strengthening enforcement.

During the financial year under review, the safety records pertaining to our project sites are as follows:

Financial Year	2018	2019
Fatality	0	0
Serious Injury Cases	0	0
Minor Injury Cases	0	0
Lost time injury	0	0

Sustainability Statement

Employee Learning and Development

Apart from protecting the safety and health of our employees, we also place great emphasis on their personal and professional development. Having the right people with the right skills is crucial to business sustainability. Furthermore, creating long-term value for employees also includes promoting mutual growth where the business and our employees develop and improve together. Learning and development opportunities and support for our employees do not only help to enhance their capabilities to enable better management and operation of our business, but they also provide better satisfaction and fulfilment to our employees for being able to advance and elevate themselves and to meet their potential.

Learning and development of our employees come hand-in-hand with the employees' performance review and assessment. Leaders of the Property Development Segment maintains ongoing engagement with employees on an open and transparent basis, enabling employees to discuss their career aspirations and paths with their superiors and managers, including requesting for training to upgrade themselves, where relevant. In addition, the Group conducts annual performance reviews with employees to identify areas where they can improve on to enable them to better carry out their duties and responsibilities. Training needs assessment in the Property Development Segment is conducted at least annually.

Based on these processes, management and employees formulate the yearly training schedule which specifies the training schedule for the year.

During the financial year, we have provided the following training topics to our employees:

- Forklift operations;
- 2nd level scaffolding; and
- Updates and development to laws and regulations (e.g. briefing on anti-bribery law).

Conclusion

Notwithstanding the Material Sustainability Matters disclosed in this Statement, the Group also considers other aspects of sustainability risks and opportunities, including in its Healthcare Segment, and has invested necessary resources and efforts proportionately to manage these sustainability matters.

Subject to the development of the Healthcare Segment, the Group endeavours to enhance its preparedness to target to include its Healthcare Segment in the scope of Sustainability Statement in the coming two years.

We will continue to carry out continuous improvement on our sustainability management process as well as the management of sustainability risks and opportunities in our relentless pursuit towards creating and delivering long-term value to our stakeholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Sinmah Capital Berhad (the “Company”) (“the Board”) recognises the importance of adopting high standards of corporate governance in the Company in order to safeguard stakeholders’ interests as well as enhancing shareholders’ value.

Pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa”), this Corporate Governance Overview Statement (the “Statement”) explains an overview of the application of the corporate governance practices of the Group during the financial year ended 31 December 2019 in this Annual Report with reference to the following three (3) principles as set out in the Malaysian Code on Corporate Governance issued by Securities Commission Malaysia on 26 April 2017 (“MCCG”):

- A. Board Leadership and Effectiveness;
- B. Effective Audit and Risk Management; and
- C. Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

Application on the MCCG

The Board is primarily responsible in ensuring the highest standards of corporate governance as set out in the MCCG. This Corporate Governance Overview Statement should be read in conjunction with the Corporate Governance Report (“CG Report”). These publications describe how the Board applies the main principles of good governance during the year under review, and are accessible online at www.sinmah.com.my.

Compliance Statement

The application of the MCCG is on an “apply or explain” basis and the practices underpinning the principles are entrenched in many of the Group’s internal controls, policies and procedures governing corporate conduct. The Board is satisfied that the Group has adopted and applied the principles, best practices and the MMLR by Bursa, along with Companies Act 2016 and Corporate Governance Guide (3rd Edition) issued by Bursa.

Except for practices for at least half of the Board comprises independent directors, disclosure of policies on gender diversity, the detailed disclosures on named basis for the remuneration of the top five (5) senior management in bands of RM50,000, and appropriate measures to facilitate greater participation by shareholders in the Company’s annual general meeting by leveraging on technology, overall, the Board is of the view that the Company has, in all material aspects, complied with the Principles and Practices as set out in the MCCG. The explanation for the departure of the above mentioned practices are reported in the announced CG Report in Practices 4.1, 4.5, 7.2, and 12.3 respectively.

A. BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

By establishing the Group’s vision and mission clearly and communicating these vision and mission across the Management in the Group, the Board ensures its effectiveness and provides strong leadership to the Group and Management. In order to ensure that business is being properly managed, the Board reviews and adopts its strategic plan, performs periodic review of the financial results and oversees the conduct of the business.

The Board has defined and formalized its Board Charter and the same is published in the Company’s website, which serves as a reference for the Directors’ fiduciary duties and functions of the Board Committees.

The Board reviews the Board Charter periodically and make amendments when needed to ensure the Charter is current and remain relevant and consistent with the Board’s objective, current law and best practices to enable the Board to discharge its responsibilities and also raises the directors’ awareness of the Company’s overall policy framework. It is also used as an important induction tool for new directors. The Board Charter was last reviewed on 26 November 2019.

Corporate Governance Overview Statement

The Board has also defined its schedule of matters reserving key decisions to be made by the Board. This schedule of matters is attached together with the Board Charter that can be found in the Company's website at www.sinmah.com.my. By reserving these matters, the Board ensures that the control in the Group is retained in the Board.

The Board had also established Audit Committee, Nomination Committee, Risk Management Committee and Remuneration Committee, to consider and determine such matters for which they are responsible for, in accordance with their terms of reference in force from time to time. The terms of reference of the Board Committees were reviewed and approved by the Board and tabled to the respective Board Committee for their action.

The Board has also put in place a Directors Code of Ethics, setting out the standard of ethics and conduct needed to create good corporate behaviour. The Directors' Code of Ethics can be found in the Company's website at www.sinmah.com.my.

The positions of Chairman and Group Managing Director ("GMD") are separately held in ensuring balance of power, accountability and division of roles and responsibilities of the Board and Management, whereby, the leadership and effectiveness of the Board are integrated into management through the GMD. Board authority conferred to management is delegated to the GMD. The Board Charter sets out formal position descriptions for the Chairman and GMD outlining their respective roles and responsibilities.

For upholding the Board's effectiveness, the Board is supported by four (4) qualified and competent Company Secretaries. Two of them are members of Malaysian Institute of Accountants whilst the other two are members of Malaysian Institute of Chartered Secretaries and Administrators. The Company Secretaries provided support to the Board in carrying out its fiduciary duties and stewardship role in shaping the standard of corporate governance of the Group. In this respect, they play an advisory role to the Board, particularly with regards to compliance with regulatory requirements, codes, guidelines, legislations and the principles of best corporate governance practices.

All Directors have unrestricted access to the advice and services of the Company Secretaries for the purposes of the Board's affairs and the business of the Group. The appointment and removal of Company Secretaries or Secretaries of the Board Committees shall be the prerogative of the Board as a whole.

Further information on the roles and responsibilities carried out by the Company Secretaries during the financial year ended 31 December 2019 are set out in Practice 1.4 of the Company's CG Report.

The Board understands that the supply, timeliness and quality of information affect the effectiveness of the Board to oversee the conduct of business and to evaluate the Management's performance of the Group. All Board members have full and unrestricted access to all information pertaining to the Group's business and affairs, including amongst others, major financial, operational and corporate matters as well as activities and performance of the Group to enable them to discharge their duties effectively.

When external advices are necessary, an Independent Director would provide proper notice to the Company Secretary of the intention to seek for independent advice and the name(s) of the professional advisors that he intends to contact, together with a brief summary of the subject matter for which professional advice is sought. In the event that one or more Directors seek to appoint one or more advisors, the Chairman should take steps to facilitate discussions to arrive at a consensus. Fees for the independent professional advice will be payable by the Company with the approval from Chairman before engagement of professional advice.

For avoidance of doubt, the above restriction shall not apply to Executive Directors in furtherance of their executive responsibilities and within the Board's delegated powers on access to information and professional advice.

Corporate Governance Overview Statement

Fundamental to Directors' commitment to leadership and effectiveness is devotion of time and continuous improvement of knowledge and skills set. The Board undertake to meet at least four (4) times a year, which are scheduled in advance to facilitate the Directors in planning their meeting schedule for the year. During the financial year ended 31 December 2019, five (5) Board meetings were held and the attendances of the Directors are as follows:

Directors	Designation	No. of Board Meetings Attended	Percentage (%)
Datuk Hj. Zainal Bin Hj. Shamsudin	Chairman, Independent Non-Executive Director	5/5	100%
Dato' Fong Kok Yong	Managing Director	5/5	100%
Datuk Fong Kiah Yeow	Executive Director	5/5	100%
Fong Ngan Teng	Executive Director	5/5	100%
Fong Choon Kai	Executive Director	5/5	100%
Datuk Ng Peng Hong @ Ng Peng Hay	Non-Independent Non-Executive Director	5/5	100%
Mohd Khasan Bin Ahmad	Senior Independent Non-Executive Director	5/5	100%
Munawar Kabir Mohd Bin Zainal Abidin	Independent Non-Executive Director	5/5	100%

Attending relevant corporate training and seminars would enable all Board members to discharge their duties more effectively during their tenure. The Board, via the Nomination Committee, continues to identify and assess the training needs of the Directors from time to time.

The details of the trainings/seminars/conferences attended by Directors during the financial year ended 31 December 2019 are as follows:

Name of Directors	Course Title	Date
Datuk Hj. Zainal Bin Hj. Shamsudin	Session on Corporate Governance and Anti-Corruption Board Update: Corporate Liability	31 October 2019 26 November 2019
Dato' Fong Kok Yong	Board Update: Corporate Liability	26 November 2019
Datuk Fong Kiah Yeow	Session on Corporate Governance and Anti-Corruption Board Update: Corporate Liability	31 October 2019 26 November 2019
Fong Ngan Teng	Board Update: Corporate Liability	26 November 2019
Fong Choon Kai	Board Update: Corporate Liability	26 November 2019
Datuk Ng Peng Hong @ Ng Peng Hay	1. Global Investor Week 2. Board Update: Corporate Liability	14 April 2019 26 November 2019
Mohd Khasan Bin Ahmad	1. Corporate Governance Case Study Workshop 2. Audit Oversight Board: Conversation with Audit Committees 3. Board Update: Corporate Liability	18 April 2019 8 November 2019 26 November 2019
Munawar Kabir Mohd Bin Zainal Abidin	Board Update: Corporate Liability	26 November 2019

Corporate Governance Overview Statement

Board Composition

In order to drive the Board's leadership and effectiveness, the Board ensures that it has the right mix of suitably qualified and experienced members. Presently, the Board comprises eight (8) members, where four (4) are Executive Directors, three (3) are Independent Non-Executive Directors and one (1) is a Non-Independent Non-Executive Director. This composition fulfills the requirements as set out under Paragraph 15.02(1) of the MMLR of Bursa, which requires at least 2 Directors or 1/3 of the Board of Directors, whichever is the higher, to be Independent directors. However, the Company has not complied with Practice 4.1 of the MCCG which requires that at least half of the Board members comprise independent directors. The Company has explained its departure from this practice in the Corporate Governance Report. In the event if any vacancy in the Board resulting in non-compliance with Paragraph 15.02(1) of the MMLR of Bursa, the Company shall fill the vacancy within 3 months.

The Company has also not complied with Practice 4.5 of the MCCG which requires 30% women directors on the Board. The Company has explained its departure from this practice in the Corporate Governance Report.

The Board is satisfied with the current composition of the Board in providing a check and balance in the Board, with appropriate representations of minority interest through the composition of Independent Non-Executive Directors on the Board.

Profiles of Directors remain substantially unchanged and these are published in the Company's annual report of the Company and also the Company's website for shareholders' reference.

The Nomination Committee assisted the Board in conducting performance evaluation and providing constructive feedbacks to Board Members of their performance during the financial year ended 31 December 2019. In this way, the Board ensured its effectiveness is maintained and enhanced continuously.

The Nomination Committee is also responsible for making recommendations of the appointments to the Board and Senior Management. New nomination is assessed and recommended to the whole Board for appointment. The Board will utilize independent sources if needed to identify suitably qualified candidates for new appointment to the Board in the future.

The Board takes cognisance of the importance of Independence and objectivity in relation to the decision-making process and effectiveness of the Board's function. The Board therefore has adopted the same criteria of Independence used in the definition of "independent directors" prescribed by the MMLR. The Nomination Committee also carries out the evaluation on the independence of each Independent Director on an annual basis.

Diversity Policy

Currently, the Board has not set the limit of diversification on its Board composition to achieve the 30% representation from women as the Board is of the opinion that the appointment of directors are based on merits without giving regards to the gender of the appointed directors and also considers the following criteria:-

- (i) who have required mix of skills, experience and other qualities and competencies;
- (ii) who have the highest standard of conduct and integrity;
- (iii) who fulfill the regulatory compliance and selection criteria;
- (iv) who can provide effective contribution and support to the functions of the Board; and
- (v) who are more in tune with the business model of the Company.

Corporate Governance Overview Statement

Hence, even though there is no women representation, the Board is diverse in its composition in respect of gender, age and races as at 31 December 2019 as follows:

Age (Years) Race	41 - 60		61 & above		Total %
	M %	C %	M %	C %	
Male	12.5	12.5	25.0	50.0	100.0

M – Malay C – Chinese

Nevertheless, the Group's diversity in workforce has seen a rapid increase in women representation. The total workforce of the Group by gender, age and race as at 31 December 2019 is as follows:

Age (Years) Race	18 - 30				31 - 40				41 & above				Total %
	M %	C %	I %	O %	M %	C %	I %	O %	M %	C %	I %	O %	
Female	6.0	1.7	1.7	0.8	3.4	6.0	2.6	0.9	2.6	8.5	3.4	-	37.6
Male	7.7	0.8	6.8	1.7	4.3	2.6	3.4	0.9	7.7	14.5	11.1	0.9	62.4
Total	13.7	2.5	8.5	2.5	7.7	8.6	6.0	1.8	10.3	23.0	14.5	0.9	100.0

M – Malay C – Chinese I – Indian O – Others

Re-election of Directors

The re-election of directors ensures that shareholders have a regular opportunity to re-assess the composition of the Board. In accordance with the Company's Constitution, at least one-third (1/3) of the Directors shall retire from office every year, provided always that all Directors shall retire from office at least once in every three (3) years and shall be eligible for re-election in the AGM. The following Directors, who retire by rotation in accordance with Clause 94 of the Company's Constitution and being eligible, have offered themselves for re-election:

- Fong Ngan Teng
- Fong Choon Kai
- Datuk Ng Peng Hong @ Ng Peng Hay

The Company's Constitution also provide that newly-appointed directors shall hold office until the next AGM and shall then be eligible for re-election. During the FYE 2019, there were no newly-appointed directors in the Company.

The Board through the Nomination Committee had assessed Encik Mohd Khasan Bin Ahmad and Datuk Hj. Zainal Bin Hj. Shamsudin, the Independent Non-Executive Directors who had each served the Company for a cumulative term of more than nine (9) years and concluded that during the financial year ended 31 December 2019:

- They have fulfilled the criteria under the definition of Independent Director as stated in the MMLR, and thus, they would be able to function as check and balance and bring element of objectivity to the Board;
- They have devoted sufficient time and attention to their professional obligations for informed and balanced decision-making; and
- They have exercised due care and diligence during their tenure as Independent Non-Executive Directors of the Company and carried out their professional duties in the best interest of the Company and shareholders.

Corporate Governance Overview Statement

The Board concurred with the opinion of the Nomination Committee that the length of services of Encik Mohd Khasan Bin Ahmad and Datuk Hj. Zainal Bin Hj. Shamsudin, the Independent Non-Executive Directors did not impair their independence. Conversely, they actively advocate their professional views without fear or favour in the Board room. The presence of such attributes will permit them to constructively challenge decisions proposed by other directors or the management and contribute in meaningful ways to the strategic objectives.

The Board agreed with the above proposed re-appointment of Encik Mohd Khasan Bin Ahmad and Datuk Hj. Zainal Bin Hj. Shamsudin as the Independent Non-Executive Directors of the Company, subject to the approval of shareholders at the forthcoming Annual General Meeting (“AGM”) through two-tier voting process.

Remuneration

Board leadership and effectiveness is affected by the talents in the Board and Management. The Board determines the level of remuneration of its Directors and Senior Management based on the recommendations of the Remuneration Committee which enables the Group to attract, retain and motivate Directors and Senior Management with relevant experience and expertise needed.

The Board has in place a remuneration policy for directors and key management personnel. The Remuneration Committee has been entrusted by the Board with specific terms of reference to review and recommend to the Board an appropriate remuneration framework for Executive Directors, including recommendations to the Board on all elements of remuneration, terms of employment, reward structures and fringe benefits for Executive Directors, sufficient enough to attract and retain Directors of quality required to manage the business of the Group. The remuneration package of Senior Management is also assessed by the Remuneration Committee and recommended to the Board thereafter.

The aggregate remuneration paid or payable to all Directors of the Company during the financial year ended 31 December 2019 is listed on named basis as follows:

	Salary	Bonus	Other Emoluments	Fee	Meeting Allowance	Benefit- in-Kind	EPF & SOCSO	Total
Executive Directors								
Dato’ Fong Kok Yong	342,000	40,500	276,000	-	-	1,200	79,000	738,700
Datuk Fong Kiah Yeow	342,000	40,500	276,000	-	-	1,200	79,000	738,700
Fong Ngan Teng	342,000	40,500	276,000	-	-	300	79,000	737,800
Fong Choon Kai	342,000	40,500	276,000	-	-	300	79,000	737,800
	1,368,000	162,000	1,104,000	-	-	3,000	316,000	2,953,000
Non-Executive Directors								
Datuk Hj. Zainal Bin Hj. Shamsudin	-	-	-	44,100	3,600	-	-	47,700
Mohd Khasan Bin Ahmad	-	-	-	44,100	3,600	-	-	47,700
Datuk Ng Peng Hong @ Ng Peng Hay	-	-	-	44,100	3,600	-	-	47,700
Munawar Kabir Mohd Bin Zainal Abidin	-	-	-	37,800	3,600	-	-	41,400
	-	-	-	170,100	14,400	-	-	184,500

Corporate Governance Overview Statement

Senior Management

The CEO together with the Senior Management are responsible for the Company's operations and risk management including the development, coordination, implementation and control of the business and corporate strategies in accordance with the directions set out by the Board.

There is a clear segregation of duties among the Senior Management team which promotes accountability and transparency as well as serving as an embedded check and balance system for its day-to-day business and operations.

The internal control mechanisms which include compliance with regulatory requirements and internal policies are constantly being monitored and reviewed by the Company's control function namely the Corporate Affairs Division, in order to enforce good corporate governance and robust risk management across the Group. The control function is independent and report directly to the respective Board Committees i.e. Audit Committee and Risk Management Committee.

Senior Management Appointment and Removal

The Company's Fit and Proper Policy has established procedures and processes for the appointment and removal of the relevant Key Responsible Persons (KRP) as well as the stringent assessment of candidates against the minimum requirements. All KRPs are assessed to have met all the fit and proper criteria based on the following:

1. Probity, Personal Integrity and Reputation
2. Competency and Capability
3. Financial Integrity
4. They do not hold an aggregate interest of 5% or more in the shares of the Company.

Succession Planning

The Company has in place a robust succession planning process to ensure the continuity of leadership and long term business sustainability in particular covering all key leadership positions. The framework encompasses the determination of criticality of positions, identification and selection of talents based on a pre-defined competency profiles, drawing up individual development plan to bridge the competency gap and monitoring and reviewing the progress and leadership readiness of talents.

The Company emphasises on the "look within" policy in the identification of talents to retain corporate knowledge and ensure the perpetuating of corporate culture. This further upholds the Company's philosophy in providing staff with rewarding career advancement.

The Company's succession planning policy and programme is subject to the review and approval of the Board assisted by the Nomination and Remuneration Committee and collectively implemented by the Senior Management team.

Remuneration Policy and Practice

The Group's Remuneration Policy is established to put in place a framework to ensure a robust balance between attracting, retaining, motivating staff and prudent risk management within the organization to be in line with its risk culture.

The Policy has been reviewed by the Nomination and Remuneration Committees and approved by the Board for implementation at all levels of staff including Senior Management and other staff. Senior Management refers to Chief Executive Officers and Senior Officers of the companies within the Group.

Corporate Governance Overview Statement

The remuneration framework outlines the total compensation packages of fixed remuneration and variable remuneration payable to staff. Fixed remuneration refers to basic salary and other fixed income which commensurate with the role and position of an individual staff, including professional experience, qualifications, responsibilities, job complexity and local market condition etc.

The variable remuneration refers to the discretionary bonus which is cash based and does not consist of shares or non-cash instruments as the Group does not have such instruments in place. The pool for the variable remuneration is determined by financial matrices such as the Group's overall performance, achievement of selected financial ratios, market trends and economic outlook.

The Company has also not complied with Practice 7.2 of the MCCG which requires to make the detailed disclosures on named basis for the remuneration of the top five (5) senior management in bands of RM50,000. The Company has explained its departure from this practice in the CG Report.

The total value of cash based remuneration paid out to Senior Management staff of Sinmah Group for the financial year 2019 was as follows:

Remuneration	No. of Senior Management Staff	Non-Deferred (RM'000)	Deferred (RM'000)
Fixed	14	1,503	-
Variable		164	-

Note: The above excludes the remuneration of Managing Director/CEO which has been declared under Directors' Remuneration.

Strengthening Corporate Governance Culture

The Group has in place the following policies to further inculcate ethical values and compliance culture within the Group:

- Sinmah Group Code of Ethics

The Sinmah Group Code of Ethics encapsulates the Five (5) Fundamental Ethical Principles which the Company and each employee must adhere to, both in letter and in spirit, as follows:

1. Competence
2. Integrity
3. Fairness
4. Confidentiality
5. Objectivity

Further details of the Sinmah Group Code of Ethics are set out in the Company's website at www.sinmah.com.my.

- Whistleblowing Policy

The scope of the Whistleblowing Policy covers all employees and third parties in making disclosure of any improper conduct or irregularities without any risk of reprisals. The platform, accessibility and channels of reporting are user-friendly to facilitate the submission of disclosure.

A Board member has also been appointed and designated as the Non-Executive Director responsible for the effective implementation of this Policy.

Further details of the Whistleblowing Policy are set out in the Company's website at www.sinmah.com.my.

Corporate Governance Overview Statement

▪ Fraud Policy

The Fraud Policy sets out the Group's expectations on all its staff and the requirements relating to the prohibition, recognition, reporting and investigation of suspected fraud, corruption, misappropriation and other similar irregularities.

The definition/scope of "FRAUD" in the Fraud Policy has been expanded to cover the following:

1. Asset Misappropriation
2. Fraudulent Statement/Representation
3. Corruption
4. Fraudulent acts or attempted fraudulent acts

Further details of the Fraud Policy are set out in the Company's website at www.sinmah.com.my.

▪ Board Committees

The Board has established the following Board Committees which are made up of Independent Non-Executive Directors to support the Board in carrying out its functions:

- Nomination Committee
- Remuneration Committee
- Audit Committee

The roles and responsibilities of Board Committees as well as authority delegated by the Board to these Committees are reviewed from time to time to ensure that they remain relevant and are up-to-date.

▪ Risk Management Committee

The Risk Management Committee ("RMC") is headed by the Group's Managing Director and comprises of heads of departments of the business units of the Group. The Senior Manager Corporate Affairs acts as the Key Risk Officer and also the Secretary of the RMC. The Key Risk Officer actively assist the Group's Managing Director to co-ordinate with each heads of departments and risk owners to assess the risks of the Group as a whole.

Further details of the roles and responsibilities of the RMC are disclosed in the Statement on Risk Management and Internal Control of this Annual Report.

B. EFFECTIVE AUDIT AND RISK MANAGEMENT

(I) Audit Committee

The Board has established an effective and independent Audit Committee. The Audit Committee comprises wholly of Independent Non-Executive Directors and the Chairman of the Audit Committee is not the Chairman of the Board. When considering the appointment of former key audit partner from its current External Auditor's firm, the Audit Committee is mindful of the minimum two (2) years cooling off period best practice under the MCCG before appointing this partner as a member of the Audit Committee. With the present composition structure and practice, the Audit Committee is able to objectively review and report its findings and recommendations to the Board.

Corporate Governance Overview Statement

The Audit Committee also reviews the appointment, performance and remuneration of the External Auditors on an annual basis before recommending them to the shareholders for re-appointment at the AGM. The Audit Committee also convened meetings with External Auditors without the presence of the Executive Directors and Management. As part of the Audit Committee review process, the Audit Committee had also obtained assurance from External Auditors, twice a year, confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The amount of audit fees and non-audit fees paid/payable to Messrs. UHY (“UHY”) by the Company and the Group for the financial year ended 31 December 2019 was as follows:

	Company RM	Group RM
Statutory audit fees paid/payable	31,000	217,000
Non-audit fees paid/payable	5,000	5,000

Collectively, the Audit Committee possesses a wide range of necessary skills to discharge its duties. In future, in order to strengthen the present financial literacy of each member and the ability to understand matters under the purview of the Audit Committee including the financial reporting process, all members of the Audit Committee will balance their participation, in continuous professional development programmes on accounting and auditing standards, practices and rules.

The Board is responsible to ensure that the financial statements of the Company and the Group present a fair and balanced view and assessment of the Company and the Group’s financial position, performance and prospects and such financial statements are drawn up in accordance with the provisions of the Companies Act 2016 and applicable approved accounting standards. The Board is assisted by the Audit Committee in reviewing the accuracy, adequacy and completeness of disclosures and ensuring that the Group’s financial statements comply with applicable financial reporting standards.

(II) Risk Management and Internal Control Framework

The Board acknowledges that risk management and internal control systems are an integral part of effective management practice. There is an ongoing process in place to identify, evaluate, monitor and manage the key risks faced by the Group and the Board reviews the key risks highlighted on a regular basis to ensure the relevant action is taken to mitigate the risk of the Group to safeguard shareholders’ investment and Group’s assets.

The Board has established an Internal Audit Function which is currently outsourced to a professional firm. The Audit Committee reviews and approves the Internal Audit Plan, scope of work and fees of the Internal Audit Function in order to ensure that the internal audit is functioned effectively and independently. As a unit that is independent of Management, the Internal Audit Function reports directly to the Audit Committee and they are responsible for conducting periodic reviews and appraisals of risk management and internal control systems of the Group. The performance of the Internal Audit Function is assessed by the Audit Committee.

The Internal Auditors have performed its work in accordance with the principles of the international internal auditing standards covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders on the audit concerns. The outsourced internal audit function is headed by a director who is a certified internal auditor, assisted by a manager who is also a certified internal auditor and staff who are accounting graduates from local and overseas universities.

Corporate Governance Overview Statement

Further disclosure on the conduct of the Internal Audit Function and performance assessment by the Audit Committee is reported in the Audit Committee Report on pages 62 to 68 of this Annual report.

The board is also assisted by a Risk Management Committee to ensure that the risk and control framework is embedded into the culture, processes and structure of the Group. Further details of the Group's state of risk management and internal control systems covering the key features of Risk Management and Internal Control, Board's and Management's responsibilities in risk management, as well as the Management's assurance to the Board are reported in the Statement on Risk Management and Internal Control on pages 54 to 61 of this Annual Report.

C. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

(I) Communication with Stakeholders

The Board values the importance of continuous communication between the Company and stakeholders to facilitate mutual understanding of each other's objectives and expectations. It is generally recognised that on-going engagement and communication with stakeholders builds trust and understanding between the Company and its stakeholders as well as enables shareholders to appreciate the Company's objectives and the quality of its management.

Therefore, the Company has set up a website which contains information on the background of the Company, our Directors and other financial and non-financial information that will enable shareholders and other stakeholders to obtain a greater understanding of Company's business and performance.

Separately, the Company had also reported its Sustainability Statement on pages 33 to 42 of this Annual Report covering the aspects of governance, environment and social responsibility for stakeholders' reference.

(II) Conduct of General Meetings

The Board recognises the rights of shareholders.

At the last AGM, the Company had given Notice of its Twenty-Fifth AGM more than twenty-eight (28) days prior to the meeting and all Board members attended the said AGM. The Chairman also provided sufficient time and opportunities for the shareholders to seek clarifications from the Chairman, chairman of Board Committees and Management during the AGM on any matters pertaining to the matters disclosed in the Annual Report, corporate developments in the Group, the motions being proposed and the operational and financial performance of the Company.

Explanation was provided for the proposed resolutions set out in the Notice of the Twenty-Fifth AGM to assist the shareholders in making their decisions and exercising their voting rights. In line with Paragraph 8.29A(1) of the MMLR, all the resolutions set out in the Notice of the Twenty-Fifth AGM were put to vote by poll in the last AGM. The outcome of the AGM was announced to Bursa Securities on the same meeting day.

This Statement was approved by the Board of Directors on 19 May 2020.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to paragraph 15.26(b) and Practice Note 9 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements in relation to requirement to prepare statement about the state of internal control of the listed issuer as a group, and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“the Guidelines”) and the Malaysian Code on Corporate Governance 2017, the Board of Directors (“the Board”) of Sinmah Capital Berhad (“the Company”) (collectively with its subsidiaries, “the Group”) is pleased to present the statement on the state of the internal controls of the Group for the financial year ended 31 December 2019. The scope of this Statement includes the Company and all operating subsidiaries.

BOARD’S RESPONSIBILITY

As per the Board Charter, the Board is ultimately responsible for the Group’s system of risk management and internal control (“system”), which includes the establishment of an appropriate control environment and risk management framework as well as reviewing their adequacy and effectiveness in safeguarding shareholders’ investment and the Group’s assets. The Board affirms its responsibility to establish risk appetite of the Group based on the corporate objectives, strategies, external environment, business nature and corporate/product lifecycle. The Board delegates the duty of identification, assessment and management of key business risks to the Risk Management Committee led by the Group’s Managing Director and Audit Committee, through its terms of reference and Risk Management Policy approved by the Board, is delegated with the oversight duty to review the adequacy and effectiveness of risk management and internal control systems of the Group and to provide assurance to the Board on the adequacy and effectiveness of risk management and internal control systems of the Group.

The Board affirms that there is an on-going process for identifying, evaluating and managing the significant risks faced by major operating subsidiaries in the Group. This risk management process is conducted by the Company’s Risk Management Committee and outsourced internal audit function. Besides confirming that this process has been in place for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report of the Company, the Board, through Audit Committee, also reviews the adequacy and effectiveness of the risk management and internal control system in the Group to ensure that appropriate measures are carried out to obtain the level of assurance required by the Board.

In view of the limitations inherent in any system of risk management and internal control, the system is designed to manage, rather than to eliminate, the risk of failure to achieve the Group’s business and corporate objectives. Accordingly, the system can only provide reasonable, but not absolute, assurance against material misstatement or loss. The system of internal control covers, inter-alia, financial, organisational, operational and compliance controls as well as risk management.

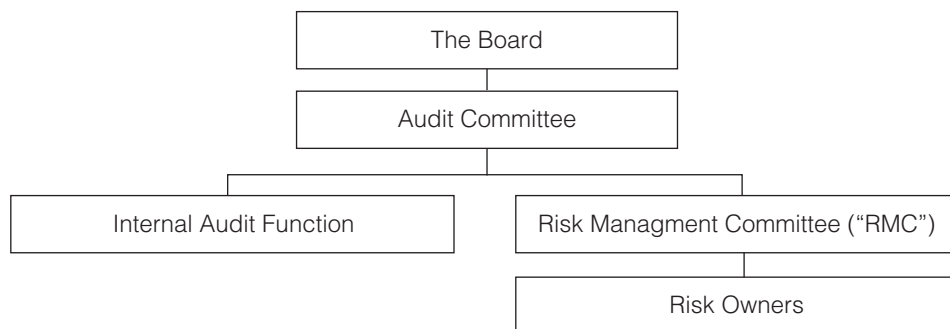
RISK MANAGEMENT

In line with Practice 9.1 of Malaysian Code on Corporate Governance 2017, the Board has established a structured group risk management policy, including (but not limited to) the governance structure and processes for the risk management on group wide, in order to embed the risk management practice into all levels of the Group and to identify, evaluate, control, report and monitor significant business risks faced by major subsidiaries in the Group on systematic manner. The updated risk profiles of the subsidiaries concerned are tabled to Audit Committee and the Board for review and deliberation and action plans to be taken by Management in mitigating the risks, as deemed necessary.

The Board had in November 2016 formalized the Risk Management Policy (“GRM Policy”) and its governance structure whereby Risk Management Committee (“RMC”) was established and led by Group’s Managing Director and comprise of the Head of Departments. The GRM Policy was tabled by RMC to the Board and approved by the Board in November 2016. The GRM Policy acts as second-line-of-defense. The principles, practices and process of GRM established by the Board are, in material aspects, guided by the ISO 31000:2018 – Risk Management - Guidelines.

Statement on Risk Management and Internal Control

The GRM Policy established lays down the risk management's objectives, processes and acceptable risk tolerance established by the Board with proper governance structure of the risk management activities of the Group established as follows:



Clear roles and responsibilities of the Board, Audit Committee, RMC, risk owners, key risk officer and internal audit function are defined in the GRM Policy. The RMC is chaired by the Group's Managing Director and guided by formal terms of reference embodied in the GRM Policy.

In particular, the roles and responsibilities of the RMC are as follows:-

- (a) implement the risk management policy as approved by the Board;
- (b) develop and implement the risk management process which includes the identification of key risks and devising appropriate additional action plan in cases where existing controls are ineffective, inadequate or non-existent and communicate methodology to the risk owners;
- (c) ensure that risk strategies adopted are aligned with the Group's organisational strategies. (e.g. vision/mission, corporate strategies/goals, etc.), risk management policy & process and risk appetite/tolerance;
- (d) continuous review and update of the Key Risk Registers of the Group due to changes in internal business processes, business strategies or external environment and determination of management action plan, if required;
- (e) update the Board, through the Audit Committee, on changes to the Key Risk Registers on periodical basis (at least on annual basis) or when appropriate (due to significant change to the internal business processes, business strategies or external environment) and the course of action to be taken by management in managing the changes; and
- (f) to perform risk identification and assessment in relation to major asset/business acquisition or divestment or business diversification or business consolidation and to report the results of the assessment to the Board for strategic decision making

In addition, the Group adopts a decentralized approach to operational risk management, where all the risk owners take ownership and accountability for risks at their respective levels. The risk owners within their area of expertise and operational responsibilities are delegated with the following roles and responsibilities:

- (a) manage the risks of the business processes under his/her control;
- (b) continuously identify risks and evaluate existing controls. If controls deemed ineffective, inadequate or non-existent, to establish and implement controls to reduce the likelihood and/or impact;
- (c) to report to the RMC of the emergence of new business risks or change in the existing business risks through prescribed form on a timely manner and assist the RMC with the development of the management action plans and implement these action plans

Statement on Risk Management and Internal Control

- (d) assist the RMC with the half-yearly update of the changes in the Key Risk Registers, management action plans and the status of these plans; and
- (e) ensure that staffs working under him/her understand the risk exposure of the relevant process under his / her duty and the importance of the related controls.

Senior Manager, Corporate Affairs acts as the Key Risk Officer and also the Secretary of the RMC. Key Risk Officer actively assist the Group's Managing Director to co-ordinate and liaise with each Heads of Department and risk owners to assess the risk of the Group as a whole.

Systematic risk management process is stipulated in the GRM Policy, whereby each step of the risk identification, risk assessment, control identification, risk treatment and control activities are laid down for application by RMC and the risk owners. Risk assessment, at gross and residual level, whereby the business risks identified are scored for likelihood of their occurrence and the magnitude of impact upon the Group based on the relevant risk parameters established by the Board that articulate the risk appetite of the Group. Based on the risk management process, key risk registers were compiled by RMC, with relevant key risks identified rated based on the agreed upon risk rating. The key risk registers are used for the identification of high residual risks which is above the risk appetite of the Group that require the Management and the Board's immediate attention and risk treatment as well as for future risk monitoring and that any material opportunities are not overlooked. As an important risk monitoring mechanism, RMC is scheduled to review the key risk registers of key operating subsidiaries and assessment of emerging risks identified at strategic and operational level at least twice a year or on more frequent basis if circumstances required and to report to Audit Committee on the results of the review and assessment. The Risk Management Committee had updated the key risk profile of the Group at end of the financial year 2019. The updated key risk profile of the Group was reviewed by the Audit Committee on 19 May 2020.

The monitoring of the risk management by the Group is enhanced by the internal audits carried out by the internal audit function with specific audit objectives tailored to specific business risks required attention by Audit Committee and the Board based on the key risk registers of the Group and scheduled in the internal plan reviewed and approved by Audit Committee.

At strategic level, business plans, business strategies and investment proposals with risks consideration are formulated by the Group's Managing Director and Management and presented to the Board for review and deliberation to ensure proposed plans and strategies are in line with the Group's risk appetite approved by the Board. In addition, specific strategic and key operational risks are highlighted and deliberated by Audit Committee and/or the Board during the review of the financial performance of the Group in the scheduled meetings.

As first-line-of-defense, respective heads of departments/divisions (i.e. risk owners) are responsible for managing the risks under their responsibilities. Risk owners are responsible for effective and efficient operational monitoring and management by way of maintaining effective internal controls and executing risk and control procedures on a day-to-day basis. Changes in the key operational risks or emergence of new key business risks are identified through daily operational management and controls and review of financial and operational reports by respective level of Management generated by internal management information system supplemented by external data and information collected. Respective risk owners are responsible to assess the changes to the existing operational risks and emerging risks and to formulate and implement effective controls to manage the risks. Critical and material risks are highlighted to the Group's Managing Director and Executive Directors for the final decision on the formulation and implementation of effective internal controls and reported to Audit Committee and the Board by the Group's Managing Director and Executive Directors.

The above process has been practiced by the Group for the financial year under review and up to the date of approval of this Statement.

Please refer to the "Risk Factors Exposure" of the Management Discussion and Analysis for the significant risks faced by the Group and the mitigation plans implemented.

Statement on Risk Management and Internal Control

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to NeedsBridge Advisory Sdn. Bhd. ("NeedsBridge"), an independent professional firm to conduct internal audit on the Group's operations. The scope of work performed by NeedsBridge comprises the conduct of internal audit to assess the adequacy and integrity of the governance, risk and internal control processes, and highlighting to Audit Committee significant areas for improvements as well as risks that may impact the business units concerned. The audit engagement of the outsourced internal audit function is governed by the engagement letter with key terms include purpose and scope of works, accountability, independence, the outsourced internal audit function's responsibilities, the management's responsibilities, the authority accorded to the outsourced internal audit function, limitation of scope of works, confidentiality, proposed fees and engagement team. The terms of the engagement letter and scope of control review by the outsourced internal audit function are determined and approved by Audit Committee.

The outsourced internal audit function is reporting to Audit Committee directly and the engagement director, Mr. Pang Nam Ming, is a Certified Internal Auditor accredited by the Institute of Internal Auditors Global and a professional member of the Institute of Internal Auditors Malaysia. The internal audits are carried out, in material aspects, in accordance with the International Professional Practices Framework established by the Institute of Internal Auditors Global. As the date of this Statement, the outsourced internal audit function is manned by one (1) engagement director, three (3) Senior Managers and eight (8) senior consultants/consultants. The oversight of the outsourced internal audit function by Audit Committee was enhanced with the review by Audit Committee of resources of the outsourced internal audit function in terms of qualification and experience/exposure and continuous professional development for employees of the outsourced internal audit function tabled by the outsourced internal audit function during the financial year under review.

Based on the review of the works performed and deliverables by the outsourced internal audit function during the financial year, the engagement terms, the approved internal audit plans, internal audit works performed and reports by the outsourced internal audit function, Audit Committee and the Board are of the opinion that the scope, functions (including independence), competency, resources, authorities granted to the internal audit functions as well as internal audit plan and processes are adequate to provide the Audit Committee with reasonable assurance that governance, risk and control structures and processes of the Group is adequate and effective and that the results of the internal audit plan, processes or investigation (if any) undertaken is adequately communicated to Audit Committee and appropriate actions are taken on the recommendations of the outsourced internal audit functions.

Risk-based internal audit plan in respect of financial year ended 31 December 2019 was drafted by the outsourced internal audit function, after taking into consideration existing and emergent key business risks identified in the key risk registers of the Group, the Management's opinion and previous internal audits performed, and was reviewed and approved by Audit Committee prior to execution. Each internal audit cycles within the internal audit plan are specific with regard to audit objective, key risks to be assessed and scopes of the internal control review.

As third-line-of-defense, the internal control review procedures performed by the outsourced internal audit function are designed to understand, document and evaluate risks and related controls to determine the adequacy and effectiveness of governance, risk and control structures and processes and to formulate recommendations for improvement thereon. The internal audit procedures applied principally consisted of process evaluations through interviews with relevant personnel involved in the process under review, review of the Standard Operating Procedures and/or process flows provided and observations of the functioning of processes in compliance with results of interviews and/or documented Standard Operating Procedures and/or process flows. Thereafter, testing of controls for the respective audit areas through the review of the samples selected based on sample sizes calculated in accordance to predetermined formulation, subject to the nature of testing and verification of the samples. During the financial year ended 31 December 2019, the outsourced internal audit function has conducted review, based on the internal audit plan approved by Audit Committee, on the following business processes:

Statement on Risk Management and Internal Control

31 December 2019

- Contract farmer management of the broiler division in relation to intake and feeds planning, day-old-chicks and feeds receipt, depopulation planning and live bird delivery, transfer of feeds between farms, bio-security, new contract farmer evaluation and contract farmers performance assessment.
- Project management of the property development and construction division in relation to in-progress project management, progress claim management, variation order management, quality management, tender management, subcontractor and procurement management and payment processing.

Upon the completion of the individual internal audit field works during the financial year, the internal audit reports were presented by the outsourced internal audit function to Audit Committee during its scheduled meetings. During the presentation, the internal audit findings and recommendations as well as management responses and action plans were presented and deliberated with the members of Audit Committee. Update on the status of action plans as identified in the previous internal audit report are presented at subsequent Audit Committee meeting for review and deliberation.

The cost involved for the internal audit function during the year ended 31 December 2019 amounted to approximately RM55,000.

INTERNAL CONTROL

Details of some key elements of the Group's internal control system are described below:

- *Control environment*

To provide a proper control environment, focus is directed towards the qualities and abilities of the Group's employees with continuing education and training to enhance the skills of employees and reinforce qualities of professionalism and integrity. Continuing education and training include internal briefings and external seminars for selected employees to enhance the level of awareness and knowledge on matters relating to risk management and internal controls.

Integrity and ethical value expected from the employees are incorporated in the Human Resource Policy whereby the ethical behaviours expected with the customers, suppliers, employees, society and environment are stated. Codes of conduct expected from employees to carry out their duties and responsibilities assigned are also established and formalised in Human Resource Policy.

To further enhance the ethical value throughout the Group, formal whistle-blowing and fraud policy had been put in place by the Board to reduce the risk of fraud and conflict of interest within the Group.

- *Control structure*

The role, functions, composition, operation and processes of the Board are guided by formal Board Charter whereby roles and responsibilities of the Board, the Chairman and the Group Managing Director are specified to preserve the independence of the Board from the Management.

Board Committees (i.e. Audit Committee, Remuneration Committee and Nomination Committee) are established to carry out duties and responsibilities delegated by the Board, governed by written terms of reference.

Meetings of Board of Directors and respective Board Committees are carried out on scheduled basis to review the performance of the Group, from financial and operational perspective. Business plans and business strategies are proposed by the Group's Executive Directors for the Board's review and approval, after taking into account risk consideration and responses.

Statement on Risk Management and Internal Control

On the other hand, the Board and Management have established a formal organizational structure with clearly defined lines of accountability and delegated authority within the Group. This includes well-defined responsibilities of Board committees and various management levels, including authorization levels for all aspects of the business.

The key elements of the Group's control structure are as follows:

- *Management*

- Through the Group's Business and Financial Policies and Procedures manual, Management has introduced well-established standard operating procedures that cover key aspects of the Group's business processes. These policies and procedures deal with, inter-alia, control issues for financial accounting and reporting, treasury management, asset security, information technology, etc. The procedures are subject to regular reviews to cater for process changes, changing risks or further improvements;
- The Group has a well-defined organisation structure in place with clear lines of reporting and accountability. The Group is committed to employing suitably qualified staff so that the appropriate level of authorities and responsibilities can be delegated while accountability of performance and controls are assigned accordingly to competent staffs to ensure operational efficiency. Authority limits are established to provide a functional framework of authority in approving revenue and capital expenditure;
- Comprehensive guidelines on the human resource management are in place to ensure the Group's ability to operate in an effective and efficient manner by employing and retaining adequate competent employees possessing necessary knowledge, skill and experience in order to carry out their duties and responsibilities assigned effectively and efficiently.
- Good farm management practices and biosecurity and disease controls to mitigate biosecurity and disease threats are adopted by the production chain and distribution process; and
- Regular informal meetings with Heads of division which provide a platform for the Heads of division to communicate with and provide feedback to Management.

- *Audit Committee*

The Audit Committee reviews and notes the internal audit observations reported by the outsourced internal audit function, including follow-up by the outsourced internal audit function on the status of Management-agreed action plans to address observations reported in preceding cycles of internal audit. Internal audits are carried out by the outsourced internal audit functions (which reports directly to Audit Committee) on key risk areas identified based on the key risk registers of the Group. The outsourced internal audit function assesses the adequacy and effectiveness of internal controls in relation to specific governance, risk and control processes and highlights potential risks and implications of its observations that may impact the Group as well as recommends improvements on the observations made to minimise the risks. The results of the internal audits carried out are reported to Audit Committee.

The Audit Committee Report, set out on pages 62 to 68 of this Annual Report, contains further details on the activities undertaken by the Audit Committee during the financial year under review.

- *Board*

The Board holds regular discussions with Audit Committee and Management and considers their reports on matters relating to internal controls and deliberates on their recommendation for implementation.

Statement on Risk Management and Internal Control

- *Reporting and information*

The Group has in place the following reporting and information structure:

- The Group has in place a budgeting process that provides for a responsibility accounting framework;
- The Group puts in place effective and efficient information and communication infrastructures and channels, i.e. computerized systems, secured intranet, electronic mail system and modern telecommunication, so that operation data and management information can be communicated timely and securely to dedicated personnel within the Group for decision making and for communication with relevant external stakeholders for execution and information collection.
- Management reports are generated on a regular and consistent basis to facilitate the Board and the Group's Management to perform financial and operational reviews on the various operating subsidiaries. The reviews encompass areas such as financial and non-financial key performance indicators and variances between budget and operating results and explanation of significant variances;
- Executive Directors review the monthly management accounts of all major operating companies in the Group; and
- Executive Directors conduct monthly meetings with Management of all significant business units within the Group to discuss the various aspects of the business, financial and operational performance of the Group

- *Monitoring and review*

The system of internal controls is reviewed on an ongoing basis by the Board through Audit Committee, which is also responsible for monitoring compliance with policies, procedures and guidelines.

In addition to the internal audits, significant control issues highlighted by the external auditors as part of their statutory audits serve as the fourth-line-of-defense.

ASSURANCE BY THE MANAGING DIRECTOR AND EXECUTIVE DIRECTOR (FINANCE) ON THE ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

In line with the Guidelines, the Board has received written assurance from the Group's Managing Director, being highest ranking executive in the Company and the Executive Director (Finance), being the person primarily responsible for the management of the financial affairs of the Company, stating that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, for the financial year under review.

Statement on Risk Management and Internal Control

BOARD'S OPINION ON THE ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board, through Audit Committee, has reviewed the adequacy and effectiveness of the risk management and system of internal controls, and that relevant actions have been or are being taken, as the case may be, to remedy the internal control weaknesses identified from the review, which was largely based on the outcome of observations raised by the outsourced internal auditors and external auditors directly to Audit Committee as described above.

With the above review and the assurance provided by the Group's Managing Director and the Executive Director (Finance) coupled with the review of the risk management results and process, results of the internal audit activities and monitoring and review mechanism stipulated above, the Board is of the opinion that the system of risk management and internal control is satisfactory and there have been no weaknesses in the system of risk management and internal control that resulted in material losses, contingencies or uncertainties that would require disclosure in the Company's Annual Report 2019, other than impairment loss on trade receivables of RM0.74 million and non-trade receivables written-off totaling RM0.64 million. The Board continues to take measures to strengthen the internal control environment from time to time based on the recommendations of the outsourced internal audit function as well as the external auditors.

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

The External Auditors have reviewed the Statement of Risk management and Internal Control. Their review has been conducted to assess whether the Statement of Risk Management and Internal Control is supported by the documentation prepared by or for the Directors and appropriately reflects the process the Directors have adopted in assessing the risks faced by the Group and also in reviewing the adequacy and effectiveness of the risk management and the internal control system of the Group.

Based on the review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and effectiveness of the risk management and the internal control of the Group.

This statement is issued in accordance with a resolution of the Board dated 19 May 2020.

AUDIT COMMITTEE REPORT

The Board of Directors is pleased to present the following Audit Committee Report and its summary of work for the financial year ended 31 December 2019.

1. MEMBERS OF THE COMMITTEE

The Audit Committee comprises the following members, all of whom are independent non-executive directors :-

Mohd Khasan Bin Ahmad
 Senior Independent Non-Executive Director
Chairman

Datuk Hj. Zainal Bin Hj. Shamsuddin
 Independent Non-Executive Director
Member

Munawar Kabir Mohd Bin Zainal Abidin
 Independent Non-Executive Director
Member

Encik Mohd Khasan Bin Ahmad is a member of the Malaysian Institute of Accountants.

2. TERMS OF REFERENCE

The terms of reference of the Audit Committee as approved by the Board are available on the Company website at www.sinmah.com.my.

3. MEETINGS

There were five (5) meetings of the Audit Committee held during the financial year ended 31 December 2019, which were attended by the Audit Committee members as follows:

Directors	Position	No. of Meetings Attended	Percentage (%)
Mohd Khasan Bin Ahmad <i>Chairman</i>	Senior Independent Non-Executive Director	5/5	100%
Datuk Hj. Zainal Bin Hj. Shamsuddin <i>Member</i>	Independent Non-Executive Director	5/5	100%
Munawar Kabir Mohd Bin Zainal Abidin <i>Member</i>	Independent Non-Executive Director	5/5	100%

The meeting dates where the Audit Committee met during the financial year were 26 February 2019, 19 April 2019, 30 May 2019, 28 August 2019 and 26 November 2019. The Group's external auditors attended the Audit Committee meetings on 26 February 2019, 19 April 2019 and 26 November 2019.

The Chairman of the Audit Committee undertakes a continuing process of engagement with senior executives of the Company as well as the external auditors and the internal auditors so that the Audit Committee is kept up-to-date with all important issues including key audit issues and concerns affecting the Company.

Minutes of each Audit Committee meeting are presented to the Board for notation and the Chairman of the Audit Committee highlights on key issues discussed in the Audit Committee Meeting at each Board meeting.

4. ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year, the activities undertaken by the Audit Committee are as follows:

Financial Reporting

- a. Reviewed the quarterly financial and operational reports of the Group before recommending to the Board for approval.
- b. Reviewed the external auditors' reports in relation to audit and accounting issues arising from the audit; and updates of new developments on accounting standards issued by the Malaysian Accounting Standards Board prior to submission to Board of Directors for approval. The review was to ensure the financial reporting and disclosures requirements are in compliance with:
 - Provision of Companies Act, 2016;
 - Listing Requirements of Bursa Malaysia Securities Berhad;
 - Applicable approved accounting standards in Malaysia; and
 - Other legal and regulatory requirements.

In the review of the annual audited financial statements, the Audit Committee discussed with Management and the external auditors the accounting principles and standards that were applied and their judgement of the items that may affect the financial statements.

Audit Committee also reviews and provides advice on whether the financial statements taken as a whole provide a true and fair view of the Company's financial position and performance.

- c. Reviewed the variation in results between the draft audited and unaudited fourth quarterly report of the Company before recommending to the Board for approval.

Internal Audit

- a. Reviewed the annual internal audit plan to ensure adequate scope and comprehensive coverage over the activities of the Group.
- b. Reviewed and discussed the internal audit reports which were tabled during the meetings, the audit issues, root causes, potential risks, implications and recommendations made and management's response to these recommendations.
- c. Reviewed and discussed the Enterprise Risk Management processes, profiles and updated the register periodically.
- d. Monitoring and ensuring corrective actions have been taken to rectify the weaknesses highlighted and all the key risks and control lapses have been addressed.

Audit Committee Report

- e. Reviewed and assessed the resources, experience, competency and continuous professional development of the outsourced internal audit function for adequacy. Please refer to the Statement on Risk Management and Internal Control, set out in this Annual Report for oversights of the Audit Committee on the outsourced internal audit function.
- f. Discussed and reviewed the sustainability framework of the Group and the Company.

External Audit

- a. Reviewed and discussed with external auditors' audit planning memorandum, audit strategy and scope of the year.
- b. Reviewed annual audited financial statements of the Group and Company prior to submission to Board for approval.
- c. Reviewed and discussed external auditors' observations, the results of the annual audit, audit report and management letter together with management's response to the findings before recommending to the Board of Directors for approval.
- d. Assessed and discussed the performance and effectiveness of the external auditors, including the independence, objectivity and professional skepticism, communication interaction, audit finalization, the quality of skills and capabilities of audit team, sufficiency of resources and terms of engagement. The Committee is satisfied with the performance of the external auditor and recommended the audit fee payable for the Board approval as well as recommending them to be re-appointed at the forthcoming Annual General Meeting.
- e. Met twice during the financial year, with external auditors without the presence of management to discuss with them problems arising from the audit and to reinforce the independence of the external audit function of the Company and the Group. There were no major issues highlighted by them.
- f. Reviewed and discussed the draft Key Audit Matters (KAM) with the external auditors to ensure that issues that are most significant in the audit are disclosed and to address the issues highlighted by external auditor with management and determine whether such issues should be addressed in the Audit Committee Report to the shareholders.

Risk Management

The Board and Management have embarked on the risk management culture and endeavour to ensure that the Group's employees have a good understanding and application of risk management principles towards cultivating a sustainable risk management culture. The Board undertakes to conduct regular risk awareness sessions at the operational level to promote the understanding of risk management principles and practices across different functions within the Group.

The Audit Committee has reviewed the business continuity plan in respect of the impact of COVID-19 on the risk management processes and systems of internal control and have requested management to monitor the situation closely and to take the necessary actions as outlined in the business continuity plan in order to ensure that the Group's business operations will be able to continue in the uncertainties of the situation caused by the COVID-19 pandemic outbreak. The Audit Committee advised the management to look out for announcements by the relevant authorities in combating the outbreak of COVID-19 so that the necessary actions can be taken as and when required.

The Statement on Risk Management and Internal Control, set out in this Annual Report further details on the activities undertaken by the Audit Committee during the year.

Related Parties Transactions

Reviewed any inter-company transactions and any related/interested party transactions that arose within the Company and the Group to ensure compliance with Malaysian Accounting Standards Board and Bursa Securities Listing Requirements and that the transactions were carried out on arm's length basis. The Audit Committee has carried the review of the following related party transactions:-

- a. Discussed and reviewed the proposed sale of Tanjung Minyak land to Datuk Fong Kiah Yeow, a major shareholder and director of the Company.
- b. Discussed and reviewed the proposed sale of property to Fong Hiang Khim, Lucas, the son of Fong Ngan Teng, who is a major shareholder and director of the Company, by Sinmah Development Sdn. Bhd. ("SDSB"), a wholly-owned subsidiary of the Company.
- c. Discussed and reviewed the proposed acquisitions of two property development companies namely Budi Saja Sdn. Bhd. and Meadow Assets Sdn. Bhd.
- d. Discussed and reviewed the acquisitions of motor vehicle from Liew Seng Aun, a director of SM Broilers Sdn. Bhd. ("SMBSB"), a wholly-owned subsidiary of SLSB, by SMBSB.

The proposed sale of Tanjung Minyak land to Datuk Fong Kiah Yeow has yet to be executed. The proposed sale of property to Fong Hiang Khim, Lucas, the son of Fong Ngan Teng was executed in December 2019. The proposed acquisitions of two property development companies were completed during the year. Budi Saja Sdn. Bhd. and Meadow Assets Sdn. Bhd. are now members of the Sinmah Group of companies.

During the financial year, there was no insider trading reported.

Annual Reporting

Reviewed the Audit Committee Report, Statement of Risk Management & Internal Control, the Corporate Governance Overview Statement and the Corporate Governance Report to ensure adherence to legal and regulatory reporting requirements and appropriate resolution of all accounting matters requiring significant judgement and recommended the same to the Board for approval.

Others

- a. Reviewed the Board policy and procedures of the Group including the Board Charter.
- b. Discussed and reviewed the incorporation of a new wholly-owned subsidiary known as Sinmah Healthcare Sdn. Bhd. ("SHSB").
- c. Reviewed the prescribed criteria in relation to the financial condition and level of operations of the Company set under Practice Note 17.
- d. Discussed and reviewed the re-organisation of the group structure involving:-
 - i) Transfer of the entire equity interest of Realtemas Realty Sdn. Bhd. ("RRSB"), an indirect wholly-owned subsidiary of the Company from Sinmah Development Sdn. Bhd. ("SDSB"), a wholly-owned subsidiary of the Company to Sinmah Land Services Sdn. Bhd. ("SLSSB"), a wholly-owned subsidiary of the Company at a total consideration of RM1.00 only;

Audit Committee Report

- ii) Transfer of the entire equity interest of Cosmal Enterprise Sdn. Bhd. ("CESB"), an indirect wholly-owned subsidiary of the Company from SDSB to SLSSB at a total consideration of RM1.00 only; and
 - iii) Transfer of 51% of the equity interest of Syarikat Perniagaan Suann Sdn. Bhd. ("SPSSB"), an indirect subsidiary of the Company, from Sinmah Livestocks Sdn. Bhd. ("SLSB"), a wholly-owned subsidiary of the Company to SLSSB at a total consideration of RM1.00 only.
- e. Discussed and reviewed the re-organisation of the group structure involving:-
- i) Transfer of 69,999 ordinary shares in the share capital of Sinmah Amegajaya Healthcare Sdn. Bhd. ("SAHSB"), from the Company to Sinmah Healthcare Sdn. Bhd. ("SHSB"), a wholly-owned subsidiary of the Company at a total consideration of RM1.00 only;
 - ii) Transfer of 1 ordinary share in the share capital of SAHSB from the Company to SDSB for a total cash consideration of RM1.00 only; and
 - iii) Transfer of 65 ordinary shares in the share capital of SAH Medical Sdn. Bhd. ("SMSB") from the Company to SHSB for a total cash consideration of RM1.00 only.
- f. Discussed and reviewed the utilization of proceeds from the Company's rights issue with warrants.
- g. Discussed and reviewed the acquisitions of two (2) properties located at Nilai by SAH Medical Center Sdn. Bhd., an indirect subsidiary of the Company.
- h. Discussed and reviewed the proposed joint venture between Sinmah Development Sdn. Bhd. ("SDSB"), a wholly-owned subsidiary of the Company and Encorp Bukit Katil Sdn. Bhd. ("EBKSB"), a wholly-owned subsidiary of Encorp Berhad, to carry out a mixed development project on land measuring 77.94 acres held un PN 58407 Lot 31915 (formerly known as PN 43209 Lot 6934), Mukim Bukit Katil, District of Melaka Tengah in the state of Melaka.
- i. Discussed and reviewed the proposed disposal of lands and assets to Huat Lai Feedmill Sdn. Bhd..
- j. Discussed and reviewed the disposal of dormant and inactive subsidiaries involving:-
- i) The disposal of 3,000,000 ordinary shares, representing the entire equity interest in Sinmah Breeders Sdn. Bhd. ("SBSB"), a wholly-owned subsidiary of the Company to Time Broadway Sdn. Bhd. ("TBSB") for a total cash consideration of RM1.00 only;
 - ii) The disposal of 250,000 ordinary shares, representing the entire equity interest in Dee Huat Farming Trading Sdn. Bhd. ("DHFT") by Sinmah Livestocks Sdn. Bhd. ("SLSB"), a wholly-owned subsidiary of the Company to TBSB for a total cash consideration of RM1.00 only; and
 - iii) The disposal of 5,600,000 ordinary shares, representing the entire equity interest in Bersatu Segar Sdn. Bhd. ("BSSB") by SLSB to TBSB for a total cash consideration of RM30,000.00 only.
- k. Discussed and reviewed the disposal of 30 and 5 ordinary shares respectively in the share capital of SAH Medical Sdn. Bhd. ("SMSB"), a wholly-owned subsidiary of the Company, to Amegajaya Ventures Sdn. Bhd. ("AVSB") and Shaik Mohammed Haikhal Bin Abdul Rahim ("Shaik").
- l. Discussed and reviewed the subscription of additional 600 ordinary shares in SAH Medical Center (Batu Kawan) Sdn. Bhd. ("SMCBKSB") by Sinmah Amegajaya Healthcare Sdn. Bhd., an indirect subsidiary of the Company and issuance of 300 ordinary shares to Oasis Glory Sdn. Bhd.

- m. Discussed the additional tax assessment and penalties to subsidiary companies, namely, Sinmah Project Management Sdn. Bhd. and Sinmah Multifeed Sdn. Bhd.
- n. Discussed and considered the adoption of new Constitution of the Company.
- o. Discussed and considered the notice of share capital pursuant to Section 618 of the Companies' Act 2016.

Evaluation and Assessment of the Audit Committee

The performance and effectiveness of Audit Committee would be assessed annually through Audit Committee evaluation and Audit Committee members' self and peer evaluation conducted by the Audit Committee, and Nomination Committee ("NC") reviewed the results of such assessments. The NC reviews the term of office and performance of the AC members annually. During the year, the Board is satisfied that the Audit Committee and its members have been able to discharge their functions, duties and responsibilities in accordance with the terms of reference ("TOR") of the AC.

Training

- a. Updated on Corporate Liability provisions under the MACC Act 2009. A training session on this was conducted by an external consultant for the members of the Audit Committee during the financial year under review.
- b. During the year, all of the Audit Committee members have attended various seminars, training programme and conferences. The list of trainings attended is disclosed in the Corporate Governance Overview Statement set out in this Annual Report.

5. INTERNAL AUDIT FUNCTION

The Audit Committee is aware that an independent internal audit function is essential to assist in providing the assurance the Audit Committee requires regarding the adequacy and effectiveness of the risk management and internal control systems of the Group. The internal audit function is wholly outsourced to an independent professional firm, NeedsBridge Advisory Sdn. Bhd. ("NeedsBridge"), which reports directly to the Audit Committee. The Audit Committee acknowledged the advantages for out-sourced internal audit function to NeedsBridge, the independent external consultant including assess to professional skills, knowledge, expertise and able to cover unexpected staffing needs.

NeedsBridge carries out internal audit with a view to assess the adequacy and effectiveness of the Group's system of internal controls of the operating units within the Group and the extent of compliance by such units with the Group's established policies and procedures and the regulatory requirements of the relevant authorities. The Audit Committee reviews and approves the internal audit plan of the Group submitted by NeedsBridge. The total costs incurred for the internal audit function in respect of the financial year ended 31 December 2019 was approximately RM55,000.

The principal role of the internal audit is to undertake independent regular and systematic reviews of the systems of internal control so as to provide reasonable assurance that such systems are in place and continue to operate satisfactorily and effectively as functionally intended. It is the responsibility of NeedsBridge to provide the Audit Committee with independent and objective reports on the state of risk management, control and governance of the various operating units within the Company and the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.

Audit Committee Report

The other main activities performed by NeedsBridge are as follows:

- Reviewed the pertinent issues of the Group, which had a significant impact on the results of the Group that included the business processes of contract farmer management of the broiler division in relation to intake and feeds planning, day-old-chicks and feeds receipt, depopulation planning and live bird delivery, transfer of feeds between farms, bio-security, new contract farmer evaluation and contract farmers performance assessment.
- Reviewed the business processes of project management of the property development and construction division in relation to in-progress project management and monitoring, progress claim management, variation order management, quality management, tender management, subcontractor and procurement management and payment processing.
- Reviewed the findings and action plans resulting from internal audits; and
- Reviewed the progress of implementation of the management action plans of the previous internal audit report and reported to the Audit Committee for its review.

During the financial year under review, there was no material control failure that would have resulted in any significant losses to the Group.

Further details of the activities of the internal auditors performed during the financial year under review are set out in the Statement on Risk Management and Internal Control of this Annual Report.

In addition, the oversight of NeedsBridge by the Audit Committee was enhanced with the review by the Audit Committee of resources of the outsourced internal audit function in term of qualification and experience/exposure and continuous professional development for the employees of the outsourced internal audit function tabled by the outsourced internal audit function during the financial year under review.

DIRECTORS' RESPONSIBILITIES STATEMENT

In accordance with the Companies Act, 2016 in Malaysia ("Act") and under Paragraph 15.26 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a listed issuer is required to issue a statement explaining the Board of Directors' responsibility for preparing the annual audited financial statements and about the state of risk management and internal control of the listed issuer as a group in the annual report.

The Directors are in the opinion and responsible for the preparation of financial statements that the financial statements set out in this Annual Report 2019 are drawn up in accordance with applicable Malaysian Financial Reporting Standards and the Act so as to give a true and fair view of the states of affairs of the Group and of the Company as at 31 December 2019 and of the results and cash flows of the Group and of the Company for the financial year ended on that date.

The Directors are responsible for the state of risk management and internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the Directors have adopted appropriate accounting policies and applied them consistently, made reasonable and prudent judgments and estimates and prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep proper accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy and to enable them to comply with the provisions of the Act.

The Directors are also responsible for taking such steps that are necessary and reasonable to safeguard the assets of the Group and of the Company and to prevent and detect fraud and other irregularities.

The Auditors' Responsibilities are stated in their Independent Auditors' Report to the Members.

financial statements

72
Directors' Report

77
Statement by Directors

77
Statutory Declaration

78
Independent Auditors' Report

83
Statements of Financial Position

85
Statements of Profit or Loss
and Other Comprehensive
Income

86
Statements of Changes in Equity

88
Statements of Cash Flows

91
Notes to the
Financial Statements

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

Principal Activities

The principal activities of the Company are investment holding and provision of management services. The principal activities of its subsidiary companies are disclosed in Note 7 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

Financial Results

	Group RM'000	Company RM'000
Net (loss)/profit for the financial year attributable to:		
Owners of the parent	(853)	(2,853)
Non-controlling interests	50	-
	(803)	(2,853)

Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial year.

Dividends

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend in respect of the current financial year.

Issue of Shares and Debentures

There was no issuance of shares or debentures during the financial year.

Warrants Reserve

Warrants 2018/2023 ("Warrants C")

The Warrants C were constituted under the Deed Poll dated 25 July 2018.

As at 31 December 2019, the total number of Warrants C that remain unexercised were 38,177,039 (2018: 38,177,039).

The salient terms of the Warrants C are disclosed in Note 16 to the financial statements.

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Directors

The Directors in office since the beginning of the financial year up to date of the last report are:

Datuk Hj. Zainal Bin Hj. Shamsudin
Dato' Fong Kok Yong*
Datuk Fong Kiah Yeow*
Fong Ngan Teng*
Fong Choon Kai*
Datuk Ng Peng Hay @ Ng Peng Hong
Mohd Khasan Bin Ahmad
Munawar Kabir Mohd Bin Zainal Abidin

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) since the beginning of the financial year up to the date of this report:

Hoh Koei Teng
Mohd Ismail Bin Abdul Hamid
Tan Tuck Wing
Marzida Binti Mansor
K. Shanmuganathan A/L Krisnan
Liew Seng Aun
Kow Keng Yam
Yu Chee Sing (Appointed on 22 October 2019)
Muzzammil Bin Mohd Noor (Resigned on 27 June 2019)
Hussein Bin Ismail (Resigned on 2 October 2019)
Premela A/P A K Nadan @ Kasinathan (Appointed on 6 May 2020)

* Director of the Company and of its subsidiary companies

The information required to be disclosed pursuant to Section 253 of the Companies Act, 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

Directors' Report

Directors' Interests

The interests and deemed interests in the shares and warrants of the Company and of its related corporations of those who were Directors at financial year end, according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2019	Bought	Sold	At 31.12.2019
Interests in the Company				
<i>Direct interest</i>				
Datuk Fong Kiah Yeow	17,402,200	-	-	17,402,200
Fong Ngan Teng	15,256,000	-	-	15,256,000
Fong Choon Kai	15,256,000	-	-	15,256,000
<i>Indirect interest</i>				
Dato' Fong Kok Yong	36,721,253	-	-	36,721,253
Datuk Fong Kiah Yeow	36,721,253	-	-	36,721,253
Fong Ngan Teng	36,721,253	-	-	36,721,253
Fong Choon Kai	36,721,253	-	-	36,721,253
No. of Warrants 2018/2023				
	At 1.1.2019	Bought	Sold	At 31.12.2019
Interests in the Company				
<i>Direct interest</i>				
Datuk Fong Kiah Yeow	4,197,250	-	-	4,197,250
Fong Ngan Teng	3,814,000	-	-	3,814,000
Fong Choon Kai	3,814,000	-	-	3,814,000

By virtue of their interests in the shares of the holding company, Dato' Fong Kok Yong, Datuk Fong Kiah Yeow, Fong Ngan Teng and Fong Choon Kai are also deemed interested in the shares of all the subsidiary companies during the financial year to the extent that the Company has an interest under Section 8 of the Companies Act, 2016.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than warrants.

Indemnity and Insurance Costs

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Company were RM5,000,000 and RM23,500 respectively. No indemnity was given to or insurance effected for auditors of the Company.

Other Statutory Information

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
 - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due;
 - (ii) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, except as disclosed in the notes to the financial statements; and
 - (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Directors' Report

Subsidiary Companies

The details of the subsidiary companies are disclosed in Note 7 to the financial statements.

Significant Events

The significant events are disclosed in Note 35 to the financial statements.

Subsequent Events

The subsequent events are disclosed in Note 36 to the financial statements.

Auditors

The Auditors, Messrs UHY, have expressed their willingness to continue in office.

The details of auditors' remuneration are set out in Note 26 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 28 May 2020.

DATO' FONG KOK YONG

DATUK FONG KIAH YEOW

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act, 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 83 to 170 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 28 May 2020.

DATO' FONG KOK YONG

DATUK FONG KIAH YEOW

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act, 2016

I, LIEW SENG AUN (MIA Membership No: 13109), being the officer primarily responsible for the financial management of Sinmah Capital Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 83 to 170 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed at Melaka in the State of)
Melaka on 28 May 2020)

LIEW SENG AUN

Before me,

SHAHORIZAH BINTI YAHYA
NO: M084

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

To the members of Sinmah Capital Berhad [Registration No. 199401015973(301653-V)]
(Incorporated in Malaysia)

Report on the Financial Statement

Opinion

We have audited the financial statements of Sinmah Capital Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of profit and loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 83 to 170.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Requirements

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report

To the members of Sinmah Capital Berhad [Registration No. 199401015973(301653-V)]
(Incorporated in Malaysia)

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
<p>1. Impairment of trade receivables</p> <p>We focused on this area due to the carrying amount of the trade receivables for the current financial year end amounted to RM44.2 million representing 22.15% of the Group's total assets.</p> <p>The assessment of recoverability of the trade receivables involved significant subjective judgements and estimation in analysing historical trend in bad payment clients, customers' concentration, customers' creditworthiness and current economic trends etc.</p>	<p>Our audit procedures included, amongst others, the following:</p> <ul style="list-style-type: none"> • Understanding on the procedures of the Group:- <ul style="list-style-type: none"> • the Group's identification, monitoring and assessment on the impairment of receivables; and • the Group's basis and justification in making accounting estimates for impairment; • Understanding of significant credit exposures which were significantly overdue or deemed to be in default; • Reviewing subsequent cash collections for major receivables and overdue amounts; • Reviewing the ageing analysis of receivables and testing the reliability thereof; and • Evaluating the reasonableness and adequacy of the allowance for impairment recognised for identified exposures.
<p>2. Revenue recognition for property development and construction contract</p> <p>The Group recognises revenue from property development activities and construction contract over time using the stage of completion method. The stage of completion is measured using input method which is based on complete satisfaction of the performance obligations by reference to the proportion of property development costs or construction contract costs incurred to-date for work performed to date bear to the estimated total property development cost / construction contract costs.</p> <p>We focused on this area because the management applies significant judgement in determining the stage of completion, the extent of costs incurred for construction contracts and property development projects, and construction costs or property development costs yet to be incurred, the estimated total revenue and cost for property development and construction contract.</p>	<p>Our audit procedures performed in this area included, amongst others:</p> <ul style="list-style-type: none"> • Reviewed all key contracts and agreements to identify any distinct and material performance obligations and the specific terms and conditions; • Reviewed management's workings on the computation of percentage-of-completion and compared the architect certificates or quantity surveyors' reports and contractors' claims and certificates against stage of completion to ascertain the reasonableness of the amounts of revenue and cost recognised in the profit or loss; • Evaluated the reasonableness of the estimated total cost and cost allocation for property development and construction contract in light of supporting evidence such as sales and purchase agreements, approved master plan, letters of award, approved purchase orders, quotations, sub-contractors' tender documents and any variation orders; • Agreed a sample of costs incurred to date to invoice and/or progress claim and assessed the adequacy of accruals of costs made; and • Assessed the adequacy and reasonableness of the disclosures in the financial statements.

Independent Auditors' Report

To the members of Sinmah Capital Berhad [Registration No. 199401015973(301653-V)]
 (Incorporated in Malaysia)

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
<p>3. Goodwill on consolidation</p> <p>The Company carries out annual impairment test by comparing the recoverable amount of cash generating unit ("CGU") based on value in use method and the carrying amounts.</p> <p>The impairment tests were significant to our audit due to the complexity of the assessment process involving significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, discount rate, etc. for value in use of CGU based on future discounted cash flows.</p>	<p>Our audit procedures performed in this area included, amongst others:</p> <ul style="list-style-type: none"> • Evaluated the reasonableness and consistency of key assumptions and inputs used in cash flow projection to available external industry sources of data; • Assessed the historical reliability of cash flows projections by comparing to the actual results and historical data; and • Performed sensitivity analysis to stress test the key assumptions and inputs used in the impairment assessment;

Information Other than the financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditors' Report

To the members of Sinmah Capital Berhad [Registration No. 199401015973(301653-V)]
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report

To the members of Sinmah Capital Berhad [Registration No. 199401015973(301653-V)]
(Incorporated in Malaysia)

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

UHY

Firm Number: AF 1411
Chartered Accountants

LIM WAN YINN

Approved Number: 03262/04/2021 J
Chartered Accountant

KUALA LUMPUR

28 MAY 2020

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	6,571	16,041	243	243
Right-of-use asset	5	3,832	21	622	-
Inventories	6	5,336	1,038	-	-
Investment in subsidiary companies	7	-	-	9,754	9,754
Goodwill	8	3,348	2,264	-	-
		19,087	19,364	10,619	9,997
Current Assets					
Inventories	6	85,023	30,892	-	-
Contract assets	9	6,469	1,500	-	-
Trade receivables	10	44,155	35,123	-	-
Other receivables	11	11,448	24,799	108	18
Amount due from subsidiary companies	12	-	-	82,325	57,462
Tax recoverable		513	1,712	-	-
Deposits, cash and bank balances	13	32,625	35,086	8,159	15,441
		180,233	129,112	90,592	72,921
Non-current assets held for sale	14	-	-	-	-
Total Assets		199,320	148,476	101,211	82,918

Statements of Financial Position

As at 31 December 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
EQUITY					
Share capital	15	149,840	149,840	149,840	149,840
Warrant reserves	16	3,619	3,619	3,619	3,619
Accumulated losses		(57,758)	(56,905)	(73,644)	(70,791)
Equity attributable to owners of the parent		95,701	96,554	79,815	82,668
Non-controlling interests		186	958	-	-
Total Equity		95,887	97,512	79,815	82,668
LIABILITIES					
Non-Current Liabilities					
Bank borrowings	17	25,926	8,325	-	-
Finance lease payables	18	-	840	-	-
Lease liabilities	19	3,299	-	553	-
Deferred tax liabilities	20	3,312	653	102	-
		32,537	9,818	655	-
Current Liabilities					
Trade payables	21	12,470	8,942	-	-
Other payables	22	6,684	8,292	1,346	250
Amount due to directors	23	829	-	-	-
Amount due to subsidiary companies	12	-	-	11,321	-
Bank borrowings	17	47,375	21,479	7,978	-
Finance lease payables	18	-	429	-	-
Lease liabilities	19	702	-	81	-
Tax payable		2,836	2,004	15	-
		70,896	41,146	20,741	250
Total Liabilities		103,433	50,964	21,396	250
Total Equity and Liabilities		199,320	148,476	101,211	82,918

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	24	182,458	180,931	-	-
Cost of sales		(178,587)	(172,711)	-	-
Gross profit		3,871	8,220	-	-
Other incomes		25,994	21,371	125	30,350
Administrative expenses		(24,289)	(60,330)	(2,672)	(29,812)
Profit/(Loss) from operation		5,576	(30,739)	(2,547)	538
Finance costs	25	(4,150)	(4,396)	(143)	-
Profit/(Loss) before taxation	26	1,426	(35,135)	(2,690)	538
Taxation	27	(2,229)	(4,581)	(163)	-
(Loss)/Profit for the financial year, representing total comprehensive (loss)/income for the financial year		(803)	(39,716)	(2,853)	538
(Loss)/Profit for the financial year attributable to:					
Owners of the parent		(853)	(39,178)	(2,853)	538
Non-controlling interests		50	(538)	-	-
		(803)	(39,716)	(2,853)	538
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(853)	(39,178)	(2,853)	538
Non-controlling interests		50	(538)	-	-
		(803)	(39,716)	(2,853)	538
Loss per share attributable to the owners of the parent (sen)					
Basic	28(a)	(0.4)	(34.7)		
Diluted	28(b)	(0.3)	(28.6)		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2019

Note	← Attributable to Owners of the Parent →			Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Warrant Reserves RM'000	Accumulated Losses RM'000			
Group						
At 1 January 2019	149,840	3,619	(56,905)	96,554	958	97,512
Total comprehensive (loss)/income for the financial year	-	-	(853)	(853)	50	(803)
Non-controlling interest in acquisition of new subsidiary companies	-	-	-	-	250	250
Disposal of subsidiary companies	-	-	-	-	(1,072)	(1,072)
At 31 December 2019	149,840	3,619	(57,758)	95,701	186	95,887
At 1 January 2018, as previously reported	123,220	3,706	(17,525)	109,401	1,496	110,897
Effect of adopting MFRS 9	-	-	(3,908)	(3,908)	-	(3,908)
At 1 January 2018, as restated	123,220	3,706	(21,433)	105,493	1,496	106,989
Total comprehensive loss for the financial year	-	-	(39,178)	(39,178)	(538)	(39,716)
Transactions with owners:						
Right issue expenses	(303)	-	-	(303)	-	(303)
Right issue expenses	30,542	-	-	30,542	-	30,542
Insurance of warrant C	(3,619)	3,619	-	-	-	-
Expiry of warrant B	-	(3,706)	3,706	-	-	-
At 31 December 2018	149,840	3,619	(56,905)	96,554	958	97,512

Statements of Changes in Equity

For the financial year ended 31 December 2019

	Notes	← Attributable to Owners of the Parent →				Total RM
		Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Accumulated Losses RM	
Company						
At 1 January 2018		123,220	-	3,706	(75,035)	51,891
Total comprehensive income for the financial year		-	-	-	538	538
Transactions with owners:						
Right issue expenses		(303)	-	-	-	(303)
Right issue		30,542	-	-	-	30,542
Insurance of warrants C		(3,619)	-	3,619	-	-
Expiry of warrant B		-	-	(3,706)	3,706	-
At 31 December 2018		149,840	-	3,619	(70,791)	82,668
At 1 January 2019		149,840	-	3,619	(70,791)	82,668
Total comprehensive loss for the financial year		-	-	-	(2,853)	(2,853)
At 31 December 2019		149,840	-	3,619	(73,644)	79,815

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2019

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash Flows From Operating Activities				
Profit/(Loss) before taxation	1,426	(35,135)	(2,690)	538
Adjustments for:				
Bad debts written off				
- Non-trade	640	-	-	-
Bad debts recovered	(6)	(100)	-	-
Depreciation/amortisation				
- land use rights	-	1	-	-
- property, plant and equipment	857	1,741	9	8
- right of use	389	-	37	-
Impairment losses on:				
- Trade receivables	(784)	24,328	-	-
- Other receivables	-	3,193	-	-
- Investment in subsidiaries	-	-	-	28,897
Interest expense	4,150	4,396	143	-
Interest income	(709)	(957)	-	-
Unrealised (gain)/loss on foreign exchange	(5)	38	-	-
Gain on disposal of property, plant, equipment and non-current assets held for sale	(18,708)	(16,097)	-	-
Gain on disposal of investment in subsidiaries	(2,476)	-	-	-
Property, plant and equipment and non-current assets held for sale written off	7	107	-	-
Balance carried down	(15,219)	(18,485)	(2,501)	29,443

Statements of Cash Flows

For the financial year ended 31 December 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Balance brought down		(15,219)	(18,485)	(2,501)	29,443
Changes in working capital					
Inventories		(7,555)	(702)	-	-
Accrued billing in respect of property development costs		(4,862)	(1,500)	-	-
Progress billings		(107)	(969)	-	-
Trade receivables		(9,798)	31,341	-	-
Other receivables		11,859	65,249	(90)	3
Trade payables		4,080	(10,972)	-	-
Other payables		(12,529)	(12,651)	1,096	(175)
Amount due to subsidiary companies		-	-	11,321	(44,086)
		(18,912)	69,796	12,327	(44,258)
Cash (used in)/from operations		(34,131)	51,311	9,826	(14,815)
Interest received		709	957	-	-
Interest paid		(4,150)	(4,396)	(143)	-
Tax paid		(1,631)	(10,584)	(46)	-
Tax refunded		920	-	-	-
		(4,152)	(14,023)	(189)	-
Net cash (used in)/from operating activities		(38,283)	37,288	9,637	(14,815)
Cash Flows From Investing Activities					
Proceeds from disposal of property, plant equipment, and non-current assets		28,182	31,698	-	-
Net cash outflows from disposal of subsidiary companies	7(c)	(57)	-	-	-
Proceeds from disposal of subsidiary companies		30	-	-	-
(Increase)/Decrease in fixed deposits with licensed banks		(4,320)	(6,988)	7,000	(15,000)
Balance carried down		23,835	24,710	7,000	(15,000)

Statements of Cash Flows

For the financial year ended 31 December 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash Flows From Investing Activities					
Balance brought down		23,835	24,710	7,000	(15,000)
Net cash outflows from acquisition of subsidiary companies	7(b)	(11,119)	-	-	-
Purchase of property, plant and equipment	4(d)	(389)	(4,149)	(9)	-
Net cash from/(used in) investing activities		12,327	20,561	6,991	(15,000)
Cash Flows From Financing Activities					
Net movement of short term borrowings	30	13,187	(56,514)	3,000	-
Net drawdown/(repayment) of term loans	30	5,278	(10,249)	-	-
Repayment of finance lease liabilities	30	-	(1,151)	-	-
Repayment of lease liabilities	30	(2,025)	-	(25)	-
Advances from holding company		-	(7,900)	-	-
Amount due from subsidiary companies				(24,863)	-
Amount due to director		(3,740)	-	-	-
Non-controlling interest in acquisition of new subsidiaries		250	-	-	-
Proceeds from rights issue of shares	15	-	30,542	-	30,542
Utilisation of share premium for share issuance expenses		-	(303)	-	(303)
Net cash from/(used in) financing activities		12,950	(45,575)	(21,888)	30,239
Net (decrease)/increase in cash and cash equivalents		(13,006)	12,274	(5,260)	424
Cash and cash equivalents at the beginning of the financial year		4,942	(7,332)	441	17
Cash and cash equivalents at the end of the financial year		(8,064)	4,942	(4,819)	441
Cash and cash equivalents at the end of the financial year comprises:					
Deposits, cash and bank balances	13	4,874	9,785	159	441
Bank overdrafts	17	(12,938)	(4,843)	(4,978)	-
Fixed deposits with licensed bank		(21,551)	(25,301)	-	-
Less: Fixed deposits pledged with licensed bank		(29,615)	(20,359)	(4,819)	441
		21,551	25,301	-	-
		(8,064)	4,942	(4,819)	441

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

1. Corporate Information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

The principal place of business of the Company was located at AG5730, Alor Gajah Industrial Estate, 78000 Alor Gajah, Melaka. With effective from 8 October 2019, the Company's principal place of business has been relocated to 88, Jalan KU 4, Taman Krubong Utama, 75260 Krubong, Melaka.

The registered office of the Company is located at No. 4-1, Kompleks Niaga, Melaka Perdana, Jln KNMP 3, Bukit Katil, 75450 Melaka.

The principal activities of the Company are investment holding and provision of management services. The principal activities of its subsidiary companies are disclosed in Note 7. There have been no significant changes in the nature of these activities during the financial year.

2. Basis of Preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following new and amendments to MFRSs, interpretations issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

MFRS 16	Leases
IC Interpretation 23	Uncertainty Over Income Tax Treatments
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term interest in Associates and Joint Venture
Amendments to MFRS 15	Clarifications to MFRS 15
Amendments to MFRS 140	Transfers of Investment Property
Annual Improvements to MFRSs 2015 – 2017 Cycle	Amendments to MFRS 3
	Amendments to MFRS 11
	Amendments to MFRS 112
	Amendments to MFRS 123

The adoption of the new and amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company, except for:

Notes to the Financial Statements

31 December 2019

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

MFRS 16 Leases

MFRS 16, which upon the effective date will supersede MFRS 117 *Leases*, IC Interpretation 4 *Determine whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Leases – Incentives* and IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

As a result of the adoption of MFRS 16, the existing requirements for a lessee to distinguish between finance leases and operating leases under the MFRS 117 *Leases* are no longer required. MFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use (“ROU”) asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the ROU asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows.

The ROU asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

As permitted by the transitional provision of MFRS 16, the Group and the Company have elected to adopt a simplified transition approach where cumulative effects of initial application are recognised on 1 January 2019 as an adjustment to the opening balance of retained earnings.

For leases that were classified as finance lease under MFRS 117, the carrying amounts of the ROU asset and the lease liability at 1 January 2019 are determined to be the same as the carrying amount of the lease asset and lease liability under MFRS 117 immediately before that date.

The Group and the Company have also applied the following practical expedients when applying MFRS 16 to lease previously classified as operating lease under MFRS 117:

- Applied a single discount rate to portfolio of leases with reasonably similar characteristics.
- The Group and the Company do not apply the standard to leases which lease terms end within 12 months from 1 January 2019.
- No adjustments are made on transition for leases for which the underlying assets are of low value.
- Excluded initial direct costs from measuring the ROU assets at the date of initial application.
- The Group and the Company use hindsight in determining lease terms for contracts that contain options for extension or termination.

As a result, the leasehold land under property, plant and equipment classification and prepaid lease payments (or land use rights) have been reclassified to ROU assets on 1 January 2019 for the Group and for the Company respectively.

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)MFRS 16 Leases (Cont'd)

	As at 31.12.2018 RM'000	MFRS 16 adjustments RM'000	As at 1.1.2019 RM'000
Group			
Property, plant and equipment	16,041	(462)	15,579
Land use rights	21	(21)	-
Right-of-use assets	-	483	483
Finance lease payables	1,269	(1,269)	-
Lease liabilities	-	1,269	1,269

Standards issued but not yet effective

The Group and Company have not applied the following new MFRSs, new interpretations and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and the Company:

	Effective dates for financial periods beginning on or after
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7	1 January 2020
Amendments to MFRS 101 and MFRS 108	1 January 2020
MFRS 17	1 January 2021
Amendments to MFRS 101	1 January 2022
Amendments to MFRS 10 and MFRS 128	Deferred until further notice

The Group and the Company intend to adopt the above MFRSs when they become effective.

The initial application of the above-mentioned MFRSs are not expected to have any significant impacts on the financial statements of the Group and of the Company.

Notes to the Financial Statements

31 December 2019

2. Basis of Preparation (Cont'd)

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand except when otherwise stated.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's and of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

The following are the judgements made by management in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Satisfaction of performance obligations in relation to contracts with customers

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations:

The Group recognises revenue over time in the following circumstances:

- (a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (b) the Group does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date; and
- (c) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Judgement (Cont'd)

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group includes the renewal period as part of the lease term for leases of land and building with non-cancellable period included as part of the lease term as these are reasonably certain to be exercised because there will be a significant negative effect on operation if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Useful lives/amortisation of property, plant and equipment (Note 4) and depreciation of right-of-use (“ROU”) asset (Note 5)

Management estimates the useful lives of the property, plant and equipment and ROU assets to be within 2 to 99 years and reviews the useful lives of depreciable assets at end of each reporting period. At 31 December 2019, management assesses that the useful lives represent the expected utilisation of the assets to the Group. Actual results, however, may vary due to change in the business plan and strategies, expected level of usage and technological developments, resulting in adjustment to the Group's assets. A reduction in the estimated useful lives of property, plant and equipment and leased assets would increase the recorded depreciation and decrease the value of property, plant and equipment and leased assets.

Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value-in-use is disclosed in Note 8.

Notes to the Financial Statements

31 December 2019

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 20.

Revenue from property development contracts

Revenue is recognised when the control of the asset is transferred to the customers and, depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

If control of the asset transfers over time, the Group recognises property development revenue and costs over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation at the reporting date. This is measure based on the proportion of property development costs incurred for work performed up to end of the reporting period as a percentage of the estimated total property development costs of the contract.

Significant judgements are used to estimate these total property development costs to complete the contracts. In making these estimates, management relies on past experience, the work of specialists and a continuous monitoring mechanism.

The carrying amount of assets and liabilities of the Group arising from property development activities are disclosed in Note 6.

Revenue from construction contracts

Construction revenue and costs are recognised over the period of the contract in the profit or loss by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of performance obligation is measured based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress based on the certified work-to-date corroborated by the level of completion of the construction based on actual costs incurred to-date over the estimated total construction costs. The total estimated construction costs are based on approved budgets, which require assessments and judgments to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, the Group evaluates based on past experience, the work of specialists and a continuous monitoring mechanism.

The details of construction contracts are disclosed in Notes 9.

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Provision for expected credit loss of financial assets at amortised cost

The Group review the recoverability of its receivables, include trade and other receivables, amounts due from subsidiary companies and related companies at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions at the end of each reporting period.

The carrying amounts at the reporting date for receivables are disclosed in Notes 10, 11 and 12.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognise recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 31 December 2019, the Group has tax recoverable and payable of approximately RM513,000 (2018: RM1,712,000) and RM2,836,000 (2018: RM2,004,000) respectively. While, the Company has tax payable of approximately RM15,000 (2018: Nil)

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group and the Company use the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group and the Company would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group and the Company estimate the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

Notes to the Financial Statements

31 December 2019

3. Significant Accounting Policies

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less any accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(n)(i) to the financial statements on impairment of non-financial assets.

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(n)(i) to the financial statements on impairment of non-financial assets.

(b) Foreign currency translation

Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Notes to the Financial Statements

31 December 2019

3. Significant Accounting Policies (Cont'd)

(b) Foreign currency translation

Foreign currency transactions and balances (Cont'd)

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The policy for the recognition and measurement of impairment is in accordance with Note 3(n).

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

3. Significant Accounting Policies (Cont'd)

(c) Property, plant and equipment (Cont'd)

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives. Property, plant and equipment under construction are not depreciated until the assets are ready for its intended use.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Buildings	50 years
Plant and machinery	5 to 20 years
Motor vehicles	5 to 10 years
Other assets	5 to 10 years
Spare parts	10 to 20 years

The residual values, useful lives and depreciation method are reviewed at each reporting period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

Leasehold land and buildings

The above accounting policies for property, plant and equipment applies to leasehold land and buildings until 31 December 2019. The leasehold land and buildings were depreciated over the remaining lease period.

Following the adoption of MFRS 16 Leases on 1 January 2019, the Group and the Company have reclassified the carrying amount of the leasehold land and building to ROU assets. The policy of recognition and measurement of the right-of-use assets is in accordance with Note 3(e) to the financial statements.

(d) Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses, if any. The land use rights are amortised over their lease terms.

Notes to the Financial Statements

31 December 2019

3. Significant Accounting Policies (Cont'd)

(e) Leases

Policy applicable from 1 January 2019

As lessee

The Group and the Company recognise a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(n) to the financial statements.

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated annual depreciation rates of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Buildings	2 to 9 years
Leasehold land	99 years
Motor vehicles	5 years

The ROU assets are subject to impairment.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective group entities' incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group or the Company changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

3. Significant Accounting Policies (Cont'd)

(e) Leases (Cont'd)

Policy applicable from 1 January 2019 (Cont'd)

As lessor

When the Group and the Company act as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

The Group and the Company recognise assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group and the Company use the interest rate implicit in the lease to measure the net investment in the lease.

The Group and the Company recognise recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Policy applicable before 1 January 2019

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

As lessee

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment.

Notes to the Financial Statements

31 December 2019

3. Significant Accounting Policies (Cont'd)

(e) Leases (Cont'd)

As lessee (Cont'd)

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

As lessor

Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(f) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at FVTPL, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include trade and other receivables, deposits, bank and cash balances and amount due from subsidiary companies.

Policy applicable from 1 January 2018

(a) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. Significant Accounting Policies (Cont'd)

(f) Financial assets (Cont'd)

Policy applicable from 1 January 2018 (Cont'd)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases or sales of financial assets are recognised and derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised when the contractual rights to receive cash flows from the financial asset has expired or has been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in equity is recognised in profit or loss.

(g) Financial liabilities

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(h) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as financial liabilities at fair value, net of transaction costs. Subsequently, the liability is measured at the higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers*.

Notes to the Financial Statements

31 December 2019

3. Significant Accounting Policies (Cont'd)

(i) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale. If net realisable value cannot be determined reliably, these inventories will be stated at the lower of cost or fair value less costs to sell. Fair value is the amount the inventory can be sold in any arm's length transaction.

(i) Land Held for Property Development

Land held for property development consists of purchase price of land, professional fees, stamp duties, commissions, conversion fees, other relevant levies and direct development cost incurred in preparing the land for development.

Land held for property development for which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle, is classified as non-current asset.

Land held for property development is transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

(ii) Property under development and completed property

Property under development consists of the cost of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities, including common costs such as the cost of constructing mandatory infrastructure, amenities and affordable houses (net of estimated approved selling prices) and other related costs. The asset is subsequently recognised as an expenses in profit or loss when and as the control of the asset is transferred to the customer.

Properties development costs attributable to unsold properties, upon completion, are transferred to completed properties held for sale.

The cost of completed properties includes costs of land and related development cost or its purchase costs and incidental cost of acquisition. Cost is determined on a specific identification basis.

(iii) Other inventories

Cost of raw material comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on a first-in-first out basis. Cost of finished goods and work-in-progress are measured on a weighted average basis and consists of direct material, direct labour and an appropriate proportion of production overheads (based on normal operating capacity).

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

3. Significant Accounting Policies (Cont'd)

(k) Construction contracts

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Cost incurred to fulfil the contracts, comprising cost of direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors are recognised as an asset and amortised over to profit or loss systematically to reflect the transfer of the contracted service to the customer.

The Group uses the efforts or inputs to the satisfaction of the performance obligations to determine the appropriate amount to recognise in a given period. This is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the financial year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature. When the carrying amount of the asset exceeds the remaining amount of consideration that the Group expects to receive in exchange of the contracted asset, an impairment loss is recognised in profit or loss.

The Group presents as an asset the gross amount due from customers for contract work in progress for which costs incurred plus recognised profits (less recognised losses) exceed contract liabilities. Contract liabilities not yet paid by customers and retention monies are included within receivables and contract assets. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which contract liabilities exceed costs incurred plus recognised profits (less recognised losses).

(l) Contract assets and contract liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. The Group's contract asset is the excess of revenue recognised over the billings to-date and deposits or advances received from customers.

Where there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers. The Group's contract liability is the excess of the billings to-date over the revenue recognised. Contract liabilities are recognised as revenue when the Group performs its obligation under the contracts.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at bank and short term deposits with a maturity of three months or less that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the of the Group's cash management.

Notes to the Financial Statements

31 December 2019

3. Significant Accounting Policies (Cont'd)

(n) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, accrued billing and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

3. Significant Accounting Policies (Cont'd)

(n) Impairment of assets (Cont'd)

(ii) Financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables, other receivables, contract assets and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(o) Share capital

Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(p) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

Notes to the Financial Statements

31 December 2019

3. Significant Accounting Policies (Cont'd)

(q) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave is recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiary companies also make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(r) Revenue recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group recognises revenue from the following major sources:

(a) Revenue from property development

The Group recognises revenue from property development over time when control over the property has been transferred to the customers. The properties have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from property development is measured at the fixed transaction price agreed under the sales and purchase agreement.

Revenue is recognised over the period of the contract using input method to measure the progress towards complete satisfaction of the performance obligations under the sale and purchase agreement, i.e. based on the proportion of property development costs incurred for work performed up to the end of the reporting period as a percentage of the estimated total costs of development of the contract.

The Group becomes entitled to invoice customers for construction of promised properties based on achieving a series of performance-related milestones (i.e. progress billing). The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised to date, the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.

3. Significant Accounting Policies (Cont'd)

(r) Revenue recognition (Cont'd)

(i) Revenue from contracts with customers (Cont'd)

(a) Revenue from property development (Cont'd)

Revenue from sales of completed properties is recognised at a point in time, being when the control of the properties has been passed to the purchasers. And, it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the properties sold.

(b) Revenue from construction contracts

The Group recognises revenue from construction contracts over time when control over the asset has been transferred to the customers. The assets have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from construction contracts is measured at the transaction price agreed under the construction contracts.

Revenue is recognised over the period of the contract using the output method to measure the progress towards complete satisfaction of the performance obligations under the construction contract i.e. based on the level of completion of the physical proportion of contract work to date, certified by professional consultants.

The Group becomes entitled to invoice customers for construction of promised asset based on achieving a series of performance-related milestones (i.e. progress billing). The Group previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised to date, the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.

The Group provides warranties for general repairs of defects existed at the time of sale. These assurance-type warranties are accounted for under MFRS 137 Provision, Contingent Liabilities and Contingent Assets, please refer to accounting policy on warranty provisions in Note 3(p) to the financial statements.

(c) Sale of goods

The Group operates a factory mainly in manufacturing feeds. The Group is also involved in contract farming of live broilers and trading of live broilers, day-old-chicks and feeds.

Revenue from sale of goods is recognised when control of the products has transferred, being at the point the customer purchases the goods.

Revenue is recognised based on the price specified in the contract, net of the rebates, discounts and taxes. Payment of the transaction price is due immediately at the point the customer purchases the goods.

Notes to the Financial Statements

31 December 2019

3. Significant Accounting Policies (Cont'd)

(r) Revenue recognition (Cont'd)

(ii) Rendering of services

Revenue from services and management fees are recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

(iii) Interest income

Interest income is recognised on accrual basis using the effective interest method.

(iv) Lease income

Lease income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(s) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(t) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit nor loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

3. Significant Accounting Policies (Cont'd)

(t) Income taxes (Cont'd)

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(u) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(v) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

Notes to the Financial Statements

31 December 2019

4. Property, Plant and Equipment

Group	Freehold land	Leasehold land	Buildings	Plant and machinery	Motor vehicles	Other assets	Spare parts	Total
Cost	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2019, as previously stated	1,660	1,723	9,017	19,710	6,544	6,985	891	46,530
Effects of adoption of MFRS 16	-	-	-	-	(801)	-	-	(801)
At 1 January 2019, as restated	1,660	1,723	9,017	19,710	5,743	6,985	891	45,729
Additions	-	-	913	-	87	178	-	1,178
Disposals	-	(2,374)	(5,744)	(19,223)	(3,666)	(3,304)	(891)	(35,202)
Acquisition of subsidiary companies	-	-	-	-	4	279	-	283
Disposal of subsidiary companies	-	-	-	-	(143)	(8)	-	(151)
Written off	-	-	-	(487)	-	(18)	-	(505)
Reclassification	(651)	651	-	-	-	-	-	-
At 31 December 2019	1,009	-	4,186	-	2,025	4,112	-	11,332
Accumulated depreciation								
At 1 January 2019, as previously stated	-	1,331	2,942	18,005	5,442	2,637	132	30,489
Effects of adoption of MFRS 16	-	-	-	-	(339)	-	-	(339)
At 1 January 2019, as restated	-	1,331	2,942	18,005	5,103	2,637	132	30,150
Charge for the financial year	-	8	424	35	204	120	66	857
Disposals	-	(1,339)	(2,054)	(17,560)	(3,467)	(1,110)	(198)	(25,728)
Acquisition of subsidiary companies	-	-	-	-	-	131	-	131
Disposal of subsidiary companies	-	-	-	-	(143)	(8)	-	(151)
Written off	-	-	-	(480)	-	(18)	-	(498)
Reclassification	-	-	-	-	-	-	-	-
At 31 December 2019	-	-	1,312	-	1,697	1,752	-	4,761
Carrying amount								
At 31 December 2019	1,009	-	2,874	-	328	2,360	-	6,571

Notes to the Financial Statements

31 December 2019

4. Property, Plant and Equipment (Cont'd)

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Other assets RM'000	Spare parts RM'000	Total RM'000
Group Cost								
At 1 January 2018	651	1,723	10,347	19,622	5,460	3,018	664	41,485
Additions	-	-	8	88	694	4,090	227	5,107
Disposals	-	-	-	-	(880)	-	-	(880)
Transfer from/(to) non-current assets held for sale (Note 19)	1,009	-	(1,338)	-	1,270	-	-	941
Written off	-	-	-	-	-	(123)	-	(123)
At 31 December 2018	1,660	1,723	9,017	19,710	6,544	6,985	891	46,530
Accumulated depreciation								
At 1 January 2018	-	1,323	4,434	17,554	4,579	2,491	66	30,447
Charge for the financial year	-	8	264	451	703	249	66	1,741
Disposals	-	-	-	-	(615)	-	-	(615)
Transfer from/(to) non-current assets held for sale (Note 19)	-	-	(1,756)	-	775	-	-	(981)
Written off	-	-	-	-	-	(103)	-	(103)
At 31 December 2018	-	1,331	2,942	18,005	5,442	2,637	132	30,489
Carrying amount								
At 31 December 2018	1,660	392	6,075	1,705	1,102	4,348	759	16,041

Notes to the Financial Statements

31 December 2019

4. Property, Plant and Equipment (Cont'd)

Company	Buildings	Office	Total
Cost	RM'000	equipment	RM'000
RM'000	RM'000	RM'000	RM'000
At 1 January 2019	410	246	656
Additions	-	9	9
31 December 2019	410	255	665
Accumulated depreciation			
At 1 January 2019	167	246	413
Charge for the financial year	9	-	9
At 31 December 2019	176	246	422
Carrying amount			
At 31 December 2019	234	9	243
Cost			
At 1 January 2018 / 31 December 2018	410	246	656
Accumulated depreciation			
At 1 January 2018	159	246	405
Charge for the financial year	8	-	8
At 31 December 2018	167	246	413
Carrying amount			
At 31 December 2018	243	-	243

(a) Other assets consist of furniture, fixtures and fittings, office equipment, piping, fencing and tube well, renovations and improvements and capital work-in-progress.

(b) Assets pledged as securities to financial institutions

The carrying amounts of property, plant and equipment of the Group pledged as securities for bank borrowings as disclosed in Note 17 to the financial statements are:

	Group	
	2019	2018
	RM'000	RM'000
Land and buildings	1,886	5,851
Plant and machinery	-	1,475
	1,886	7,326

4. Property, Plant and Equipment (Cont'd)

(c) Assets held under lease liabilities/financial leases

The net carrying amount of leased plant and machinery of the Group is as follows:

	Group	
	2019	2018
	RM'000	RM'000
Motor vehicles	789	540
Plant and machinery	-	418
	<hr/> 789	<hr/> 958

Following the adoption of MFRS 16 on 1 January 2019, the Group had reclassified the carrying amount of the leased assets to Right-of-use assets (Note 5).

(d) The aggregate additional cost for the property, plant and equipment of the Group during the financial year acquired under finance lease arrangement, term loan financing and cash payment are as follows:

	Group	
	2019	2018
	RM'000	RM'000
Aggregate costs	1,178	5,107
Less : Finance lease financing	(789)	(958)
	<hr/> 389	<hr/> 4,149

	Company	
	2019	2018
	RM'000	RM'000
Aggregate costs	9	-
Less : Finance lease financing	-	-
	<hr/> 9	<hr/> -

Notes to the Financial Statements

31 December 2019

5. Rights-of-use asset

	Leasehold land RM'000	Buildings RM'000	Motor Vehicles RM'000	Total RM'000
Group				
Cost				
At 1 January 2019, as previously reported	-	-	-	-
- Effect of adoption of MFRS 16	27	-	801	828
At 1 January 2019, as restated	27	-	801	828
Additions	-	2,829	896	3,725
Acquisition of subsidiary	-	126	-	126
At 31 December 2019	27	2,955	1,697	4,679
Accumulated amortisation				
At 1 January 2019, as previously reported	-	-	-	-
- Effect of adoption of MFRS 16	6	-	339	345
At 1 January 2019, as restated	6	-	339	345
Amortisation	-	133	256	389
Acquisition of subsidiary	-	113	-	113
At 31 December 2019	6	246	595	847
Carrying amount				
At 31 December 2019	21	2,709	1,102	3,832
Group				
Cost				
At 1 January 2018, as previously reported	-	-	-	-
- Effect of adoption of MFRS 16	27	-	-	27
At 1 January 2018, as restated	27	-	-	27
Accumulated amortisation				
At 1 January 2018, as previously reported	-	-	-	-
- Effect of adoption of MFRS 16	5	-	-	5
At 1 January 2018, as restated	5	-	-	5
Charge for the financial year	1	-	-	1
At 31 December 2018	6	-	-	6
Carrying amount				
At 31 December 2018	21	-	-	21

Notes to the Financial Statements

31 December 2019

5. Right-of-use asset (Cont'd)

Buildings with an aggregate carrying amount of RM2,521,188 are pledged as securities for bank borrowings as disclosed in Note 17.

Leasehold land has been pledged to secure the bank borrowings as disclosed in Note 17.

	Buildings RM'000
Company	
Cost	
At 1 January 2019	-
Addition	659
<hr/>	
At 1 January/December 2019	659
<hr/>	
Accumulated amortisation	
At 1 January 2019	-
Charge for the financial year	37
<hr/>	
At 31 December 2019	37
<hr/>	
Carrying amount	
At 31 December 2019	622

6. Inventories

	Group	
	2019 RM'000	2018 RM'000
Non-current		
Land held for property development (Note a)	5,336	1,038
Current		
Property development costs (Note b)	74,273	16,473
Completed units (Note c)	10,734	10,752
Other inventories (Note d)	16	3,667
<hr/>		
	85,023	30,892
<hr/>		
	90,359	31,930
<hr/>		

Notes to the Financial Statements

31 December 2019

6. Inventories (Cont'd)

(a) Land held for property development

	Freehold Land RM'000	Development Expenditure RM'000	Total RM'000
Non-current			
2019			
Group			
Cost			
At 1 January 2019	351	687	1,038
Addition	-	932	932
Acquisition of subsidiary company	2,668	698	3,366
At 31 December 2019	3,019	1,619	5,336
2018			
At 1 January 2018	-	-	-
Additions	351	687	1,038
At 31 December 2018	351	687	1,038

(b) Property development costs

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
Current				
2019				
Cumulative property development costs				
At 1 January	399	727	18,582	19,708
Acquisition of subsidiary company	42,738	-	4,536	47,274
Cost incurred during the financial year	7,298	-	13,748	21,046
Reclassification	240	(276)	36	-
At 31 December	50,675	451	36,902	88,028
Cumulative costs recognised in profit or loss				
At 1 January	-	(81)	(3,154)	(3,235)
Recognised during the financial year	-	(87)	(9,573)	(9,660)
Acquisition of subsidiary company	(148)	-	(712)	(860)
At 31 December	(148)	(168)	(13,439)	(13,755)
Carrying amount				
At 31 December 2019	50,527	283	23,463	74,273

Notes to the Financial Statements

31 December 2019

6. Inventories (Cont'd)

(b) Property development costs (Cont'd)

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
2018				
Cumulative property development costs				
At 1 January	1,004	1,497	118,902	121,403
Transfer to inventories	(189)	(76)	(3,568)	(3,833)
Cost incurred during the financial year ^a	-	149	7,897	8,046
Reversal of completed projects	(416)	(843)	(104,649)	(105,908)
At 31 December	399	727	18,582	19,708
Cumulative costs recognised in profit or loss				
At 1 January	(341)	(691)	(102,010)	(103,042)
Recognised during the financial year	(75)	(233)	(5,793)	(6,101)
Reversal of completed projects	416	843	104,649	105,908
At 31 December	-	(81)	(3,154)	(3,235)
Carrying amount				
At 31 December 2018	399	646	15,428	16,473

The freehold and leasehold land have been pledged to secure bank borrowings as disclosed in Note 17.

During the financial year, the following costs are capitalised to property development costs:

	Group	
	2019 RM'000	2018 RM'000
Sales Commission	-	11

(c) Completed properties

	Group	
	2019 RM'000	2018 RM'000
At beginning of the financial year	10,752	8,826
Transfer from property development costs	401	3,833
Disposal during the financial year	(419)	(1,907)
At the end of the financial year	10,734	10,752

Notes to the Financial Statements

31 December 2019

6. Inventories (Cont'd)

(d) Other inventories

	Group	
	2019	2018
	RM'000	RM'000
At cost		
Raw materials, medical supplies and chemicals	-	2,025
Medicine and clinical supplies	16	1,642
	<hr/> 16	<hr/> 3,667
Recognised in profit or loss:		
- Inventories recognised at cost of sales	53,101	80,498
	<hr/> 53,101	<hr/> 80,498

7. Investment in Subsidiary Companies

	Company	
	2019	2018
	RM'000	RM'000
Unquoted shares, at cost		
In Malaysia		
At the beginning of the financial year	66,389	66,389
Disposal during the financial year	(33,182)	-
	<hr/> 33,207	<hr/> 66,389
At the end of financial year	33,207	66,389
Accumulated impairment losses		
At the beginning of the financial year	56,635	27,738
Impairment for the financial year	-	28,897
Reversal of impairment losses	(33,182)	-
	<hr/> 23,453	<hr/> 56,635
At the end of financial year	23,453	56,635
	<hr/> 9,754	<hr/> 9,754

The impairment loss was recognised in administrative expenses in the statements of profit or loss and other comprehensive income.

7. Investment in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Effective interest		Principal activities
		2019 %	2018 %	
Held by the Company				
Sinmah Livestocks Sdn. Bhd.	Malaysia	100	100	Contract farming and trading of chicken feeds, day old chicks and vaccines
Sinmah Multifeed Sdn. Bhd.	Malaysia	99.99	99.99	Manufacturing and wholesale of chicken feeds
Sinmah Land Services Sdn. Bhd.	Malaysia	-	100	Investment holding
Sinmah Development Sdn. Bhd.	Malaysia	100	100	Property development
Sinmah Breeders Sdn. Bhd.	Malaysia	-	100	Poultry breeding and hatchery operations
Sinmah Healthcare Sdn. Bhd.	Malaysia	100	-	Hospital activities
Held by Sinmah Livestocks Sdn. Bhd.				
Bersatu Segar Sdn. Bhd.	Malaysia	-	100	Trading of feeds, medication and poultry farming
Dee Huat Farming Trading Sdn. Bhd.	Malaysia	-	100	Dormant
Chem Ventures Sdn. Bhd.	Malaysia	100	100	Trading of chemicals, medication and related equipment
SM Broilers Sdn. Bhd.	Malaysia	100	100	Contract farming, marketing and distribution of poultry products
Held by Sinmah Development Sdn. Bhd.				
Sinmah Builders Sdn. Bhd.	Malaysia	100	100	Building and general contracting and provision of management services
Sinmah Encorp Development Sdn. Bhd.	Malaysia	70	70	Property development
Budi Saja Sdn. Bhd.	Malaysia	100	-	Property development
Meadow Assets Sdn. Bhd.	Malaysia	100	-	Property development
Held by Sinmah Healthcare Sdn. Bhd.				
Sinmah Amegajaya Healthcare Sdn. Bhd. #	Malaysia	69	70	Hospital and clinical activities
SAH Medical Sdn. Bhd.	Malaysia	65	-	Hospital and clinical activities

Notes to the Financial Statements

31 December 2019

7. Investment in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Effective interest		Principal activities
		2019 %	2018 %	
Held by Sinmah Amegajaya Healthcare Sdn. Bhd.				
SAH Mutiara Sdn. Bhd.	Malaysia	59	60	Hospital and clinical activities
SAH Medical Center Sdn. Bhd.	Malaysia	66	67	Hospital and clinical activities
Sterling Healthcare Sdn. Bhd.	Malaysia	69	70	Clinical activities
SAH Medical Center (Batu Kawan) Sdn. Bhd.	Malaysia	48	-	Hospital and clinical activities
Medigo Laboratories & Diagnostics Sdn. Bhd.	Malaysia	69	-	Laboratories & diagnostics activities
Held by Sinmah Land Services Sdn. Bhd.				
Sinmah Project Management Sdn. Bhd.	Malaysia	-	100	Poultry farming and investment holding
Syarikat Perniagaan Suann Sdn. Bhd. #	Malaysia	-	51	Trading of feeds, medication and poultry farming
Realtemas Realty Sdn. Bhd. *	Malaysia	-	100	Property development
Cosmal Enterprise Sdn. Bhd. *	Malaysia	-	100	Dormant
Held by Syarikat Perniagaan Suann Sdn. Bhd.				
Suann Food Processors Sdn. Bhd.	Malaysia	-	100	Poultry meat processing
Held by SAH Medical Sdn. Bhd.				
SAH Medical Center (Melaka) Sdn. Bhd. (formerly known as SAH Medical Center (Melawati) Sdn. Bhd.)	Malaysia	65	-	Hospital and clinical activities
SAH Medical Center (Segamat) Sdn. Bhd. @	Malaysia	65	-	Hospital and clinical activities

Previously hold by Sinmah Development Sdn. Bhd.

@ Previously hold by Sinmah Amegajaya Healthcare Sdn. Bhd.

* Previously hold by Sinmah Development Sdn. Bhd.

7. Investment in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows: (Cont'd)

(a) Material partly-owned subsidiary companies

Set out below are the Group's subsidiary companies that have material non-controlling interests ("NCI"):

Name of Company	Proportion of ownership interests and voting rights held by NCI		(Loss)/Profit allocated to NCI		Accumulated NCI	
	2019	2018	2019	2018	2019	2018
	%	%	RM'000	RM'000	RM'000	RM'000
Syarikat Perniagaan Suann Sdn. Bhd.	-	49	-	(170)	-	204
Suan Food Processor Sdn. Bhd.	-	49	(5)	(238)	-	872
Sinmah Encorp Development Sdn. Bhd.	30	30	(25)	(2)	(1)	24
SAH Mutiara Sdn. Bhd.	41	40	3	(3)	-	(3)
SAH Medical Center Sdn. Bhd.	34	33	(60)	(2)	187	(2)
Sterling Healthcare Sdn. Bhd.	31	30	1	(1)	-	(1)
Sinmah Amegajaya Healthcare Sdn. Bhd.	31	30	136	(122)	-	(136)
Total NCI					186	958

The summarised financial information for each subsidiary that has NCI that are material to the Group is set out below.

The summarised financial information below represents amount before inter-company eliminations.

	SAH Medical Center Sdn. Bhd.		Sterling Healthcare Sdn. Bhd.		Sinmah Amegajaya Healthcare Sdn. Bhd.	
	2019	2018	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(i) Summarised statements of financial position						
Total assets	7,747	23	2,076	-	11,067	969
Total liabilities	(2,935)	(30)	(2,234)	(6)	(12,800)	(1,422)
Net assets/(liabilities)	4,812	(7)	(158)	(6)	(1,733)	(453)
Equity attributable to owner equity	4,625	(5)	(158)	(5)	(1,733)	(317)
Non-controlling interests	187	(2)	-	(1)	-	(136)
	4,812	(7)	(158)	(6)	(1,733)	(453)

Notes to the Financial Statements

31 December 2019

7. Investment in Subsidiary Companies (Cont'd)

(a) Material partly-owned subsidiary companies (Cont'd)

	SAH Medical Center Sdn. Bhd.		Sterling Healthcare Sdn. Bhd.		Sinmah Amegajaya Healthcare Sdn. Bhd.	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
(ii) Summarised statements of profit or loss and other comprehensive income						
Revenue	-	-	47	-	-	-
Loss before taxation	(180)	(8)	(183)	(6)	(1,271)	(406)
Taxation	-	-	(19)	-	-	-
Loss for the financial year	(180)	(8)	(202)	(6)	(1,271)	(406)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	(180)	(8)	(202)	(6)	(1,271)	(406)
(iii) Summarised statements of cash flows						
Net cash used in operating activities	(7,479)	(24)	(284)	(4)	(1,934)	(1,003)
Net cash used in investing activities	-	-	(1,944)	-	(5,583)	(8)
Net cash (used in)/generated from financing activities	7,746	26	2,234	4	7,518	1,028
Net increase/(decrease) in cash and cash equivalents	267	2	6	-	1	17

(b) Acquisition of subsidiary companies

During the financial year

On 6 December 2018, the Company announced the proposed acquisitions of Budi Saja Sdn. Bhd. ("Budi") and Meadow Assets Sdn. Bhd. ("Meadow"), 2 property development companies incorporated in Malaysia, by its wholly-owned subsidiary, Sinmah Development Sdn. Bhd. ("SDSB").

Datuk Fong Kiah Yeow, who is a director of the Company and SDSB is also a director and shareholder of Budi and Meadow. Hence, the proposed acquisition is a related party transaction that would require approval of shareholders of the Company at an extraordinary general meeting (EGM). The EGM was held on 13 March 2019 and the proposed acquisitions have been duly approved by the shareholders of the Company.

The proposed acquisitions were completed in May 2019, when the full purchase consideration of RM10,345,000 for Budi and RM1,500,000 for Meadow were paid to the vendors.

7. Investment in Subsidiary Companies (Cont'd)

(b) Acquisition of subsidiary companies (Cont'd)

The effect of the acquisition of Budi Saja Sdn. Bhd. and Meadow Assets Sdn. Bhd. on the financial position of the Group as at the date of acquisition was as follows:

	Group	
	2019	2018
	RM'000	RM'000
Revenue	1,130	-
Cost of sales	(860)	-
Other operating incomes	125	-
Operating expenses	(1,069)	-
<hr/>		
Loss from operation	(674)	-
Finance costs	(733)	-
<hr/>		
Loss before taxation	(1,407)	-
Taxation	-	-
<hr/>		
Net loss for the financial year	(1,407)	-

The assets and liabilities arising from the acquisitions are as follows:

	Group	
	2019	2018
	RM'000	RM'000
Property, plant and equipment	152	-
Land held for development	3,366	-
Goodwill on consolidation	1,084	-
Property development expenditure	47,274	-
Trade and other receivables	1,368	-
Held-to-maturity investments	160	-
Cash and bank balances	726	-
Trade and other payables	(16,945)	-
Lease liabilities	(60)	-
Term loans	(16,937)	-
Amount owing to directors	(4,569)	-
Deferred taxation	(3,511)	-
Gain on consolidation	(263)	-
<hr/>		
Net assets acquired	11,845	-
Less: Cash and cash equivalents of subsidiary company acquired	(726)	-
<hr/>		
Net cash outflow from acquisition of investment in subsidiary companies	11,119	-

Notes to the Financial Statements

31 December 2019

7. Investment in Subsidiary Companies (Cont'd)

(b) Acquisition of subsidiary companies (Cont'd)

Apart for the above acquisitions, the following are newly incorporated subsidiary companies of the Group during the financial year:

On 7 January 2019, Sinmah Amegajaya Healthcare Sdn. Bhd. ("SAHSB"), a 70% owned subsidiary of Sinmah Development Sdn. Bhd. ("SDSB") (a wholly owned subsidiary of the Company), had entered into a Sale and Purchase of Shares Agreement with Encik Shaik Muhammad Haikhal Bin Abdul Rahim to dispose off 50 ordinary shares representing 5% equity interest in SAH Medical Center Sdn. Bhd. ("SMCSB") for a total cash consideration of RM50.00 ("the Disposal").

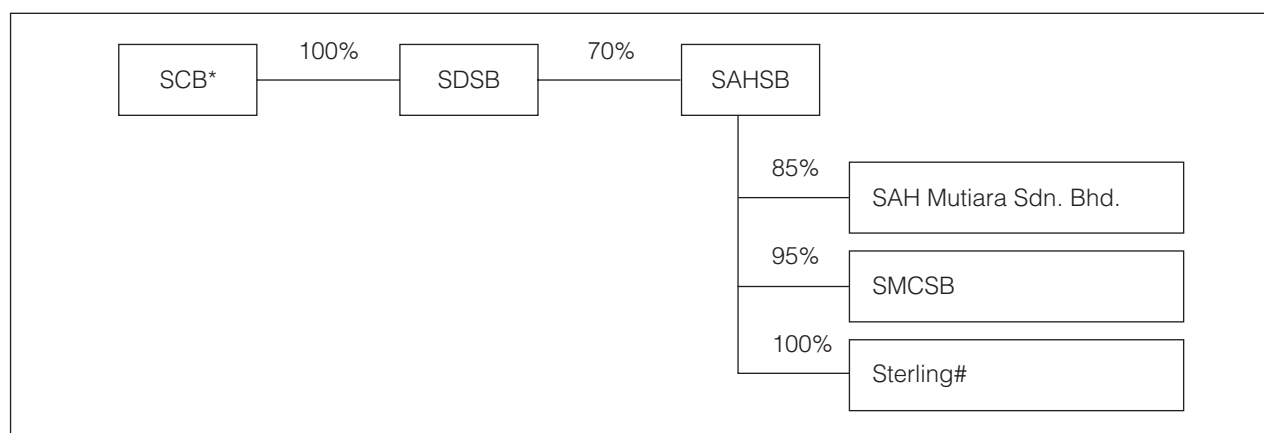
The disposal was completed on 9 January 2019 and SMCSB became a 95% owned subsidiary of SAHSB.

On 10 January 2019, SAHSB had subscribed for an additional 4,749,050 ordinary shares in SMCSB at an issue price of RM1.00 per share (hereinafter referred to as "the Subscription of Shares"), thereby increasing SAHSB's investment in SMCSB to RM4,750,000. SMCSB remains a 95% owned subsidiary of SAHSB and Encik Shaik Muhammad Haikhal Bin Abdul Rahim holds 5% equity interest in SMCSB after the Subscription of Shares.

On 15 January 2019, the Company announced to Bursa Malaysia Securities Berhad ("Bursa") its re-organisation exercise involving the transfer of 70,000 ordinary shares in the equity of SAHSB from SDSB to the Company for a total cash consideration of RM70,000. The re-organisation is for the purpose of streamlining and realigning the businesses and business units of the Group into more distinct business segments.

The Re-organisation exercise are diagrammatically presented as follows :-

Before



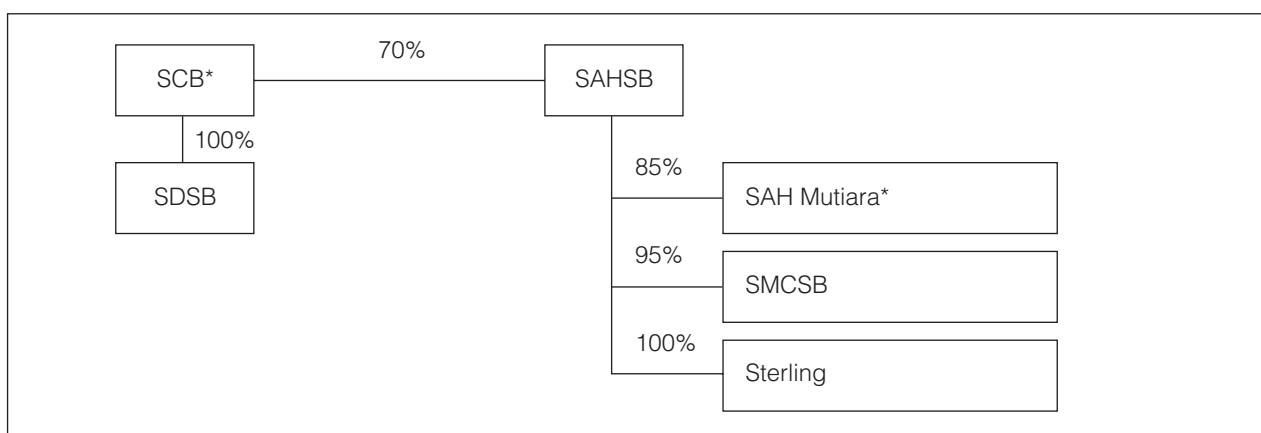
* Sinmah Capital Berhad

Sterling Healthcare Sdn Bhd

7. Investment in Subsidiary Companies (Cont'd)

(b) Acquisition of subsidiary companies (Cont'd)

After



* SAH Mutiara Sdn Bhd

On 12 March 2019, SMCSB, the 95% owned subsidiary of SAHSB, the 70% owned subsidiary of the Company had incorporated a new subsidiary known as SAH Medical Center (Segamat) Sdn Bhd ("SMCSSB") under the Companies Act 2016. The intended principal activities are hospital development, management and construction and to carry on all healthcare related activities.

SMCSSB was incorporated with an issued share capital of RM1,000 comprising 1,000 ordinary shares. 100% of its equity is held by SMCSB.

On 4 April 2019, the Company had incorporated a new wholly-owned subsidiary known as SAH Medical Sdn. Bhd. ("SMSB") under the Companies Act 2016 with an issued paid up capital of RM100 comprising 100 ordinary shares.. The intended principal activities of SMSB are hospital development, management and construction and to carry on all healthcare related activities.

On 15 April 2019, SMSB, the wholly owned subsidiary of the Company had incorporated a wholly owned subsidiary company, SAH Medical Center (Melaka) Sdn. Bhd.) formerly known as SAH Medical Center (Melawati) Sdn. Bhd.) ("SMCMSB") with a cash subscription of RM1,000.

The intended principal activities of SMCMSB are hospital development, management and construction and to carry on all healthcare related activities.

On 21 May 2019, SAHSB, the 70% owned subsidiary of the Company had incorporated a wholly owned subsidiary company, SAH Medical Center (Batu Kawan) Sdn. Bhd. ("SMCBKSB") with a cash subscription of RM100.

The intended principal activities of SMCBKSB are hospital development, management and construction and to carry on all healthcare related activities.

Notes to the Financial Statements

31 December 2019

7. Investment in Subsidiary Companies (Cont'd)

(b) Acquisition of subsidiary companies (Cont'd)

On 18 September 2019, the Company had incorporated a wholly owned subsidiary known as Sinmah Healthcare Sdn. Bhd. ("SHSB") with cash subscription of RM2.

The intended principal activities of SHSB are investment holding and to carry on all healthcare management related activities.

On 11 November 2019, SAHSB, the 70% owned subsidiary of the Company had incorporated a wholly owned subsidiary company, Medigo Laboratories & Diagnostics Sdn. Bhd. ("MLDSB") with a cash subscription of RM2.

The intended principal activities of MLDSB are provision of medical laboratories and diagnostics services and healthcare management related activities.

In previous financial year

On 13 March 2018, the 70% owned subsidiary of the Company, Sinmah Amegajaya Healthcare Sdn. Bhd. ("SAHSB") had incorporated a new subsidiary company known as SAH Mutiara Sdn. Nhd. ("SMSB") under the Companies Act, 2016.

The intended principal activities are investment holding, property development and construction. SMSB was incorporated with an issue share capital of RM1,000 comprising 1,000 ordinary shares, 85% of its equity held by SAHSB and 15% held by a third party.

On 9 April 2018, SAHSB had also incorporated another new subsidiary company known as SAH Medical Center Sdn. Bhd. ("SMCSB") under the Companies Act, 2016.

The intended principal activities of SMCSB are hospital development, management and construction and healthcare investment. SMCSB was incorporated with an issue share capital of RM1,000 comprising 1,000 ordinary shares. 100% of its equity is held by SAHSB.

On 2 November 2018, SAHSB had incorporated another new subsidiary company known as Sterling Healthcare Sdn. Bhd. ("Sterling") under the Companies Act 2016.

The intended principal activities of Sterling are to acquire or set up and run hospitals, clinics, nursing homes, maternity and planning units and pathological laboratories, provide medical plans, deal in all types of medical equipment, medicines, pharmaceutical products and all other activities related thereto without limitations. Sterling was incorporated with an issued share capital of RM2 comprising 20 ordinary shares, all held by SAHSB.

On 6 December 2018, Sinmah Development Sdn. Bhd. ("SDSB"), a wholly-owned subsidiary company of the Company, entered into conditional share sales agreement to acquire the entire share capital of Budi Saja Sdn. Bhd. ("BSSB") and Meadow Assets Sdn. Bhd. ("MASB"), for a cash consideration of RM10,345,000 and RM1,500,000 respectively. The acquisitions were completed in May 2019.

The principal activity of Budi Saja Sdn. Bhd. and Meadow Asset Sdn Bhd are property development.

On 2 November 2018, SAH Medical Sdn. Bhd., a 65% owned subsidiary company of the Company, incorporated wholly-owned subsidiary company, SAH Medical Center (Segamat) Sdn. Bhd. and SAH Medical Center (Melaka) Sdn Bhd, with cash subscription of RM1,000 each respectively.

7. Investment in Subsidiary Companies (Cont'd)

(c) Disposal of a subsidiary companies

In current financial year

On 30 May 2019, the Company, had disposed off its entire equity interest in Sinmah Breeders Sdn. Bhd., which is equivalent to 3,000,000 ordinary shares of RM1.00 each to Time Broadway Sdn. Bhd. for a total cash consideration of RM1.00 only.

On 30 May 2019, Sinmah Livestocks Sdn. Bhd. the wholly owned subsidiary of the Company, had disposed off its entire equity interest in Bersatu Segar Sdn. Bhd., which is equivalent to 5,600,000 ordinary shares of RM1.00 each to Time Broadway Sdn. Bhd. for a total cash consideration of RM30,000.00 only.

On 30 May 2019, Sinmah Livestocks Sdn. Bhd. the wholly owned subsidiary of the Company, had disposed off its entire equity interest in Dee Huat Farming Trading Sdn. Bhd., which is equivalent to 5,600,000 ordinary shares of RM1.00 each to Time Broadway Sdn. Bhd. for a total cash consideration of RM1.00 only.

On 28 June 2019, the Company had disposed off its entire equity interest in Sinmah Land Services Sdn. Bhd. ("SLSSB"), which is equivalent to 2 ordinary shares of RM1.00 each to Mohd Yuzaini Bin Mohamed Razali for a total cash consideration of RM1.00 only. SLSSB is disposed off together with its following subsidiary companies:

- (a) Sinmah Project Management Sdn. Bhd., whereby SLSSB holds its entire paid up capital of RM24,250,000.
- (b) Cosmal Enterprise Sdn. Bhd., whereby SLSSB holds the entire paid up capital of RM250,000.
- (c) Realtemas Realty Sdn. Bhd., whereby SLSSB holds the entire paid up capital of RM250,000.
- (d) Syarikat Perniagaan Suann Sdn. Bhd. ("SPSSB"), whereby SLSSB holds 1,686,123 shares in SPSSB, representing 51% of the paid up capital of SPSSB.
- (e) Suann Food Processors Sdn. Bhd. ("SFPSB"), whereby SPSSB holds the entire paid up capital of SFPSB of RM2,450,000.

The effect of the above disposals on the financial results of the Group in respect of the financial year are as follows:

	Group	
	2019	2018
	RM'000	RM'000
Revenue	-	-
Cost of sales	-	-
Other operating incomes	-	-
Operating expenses	(27)	-
Loss from operation	(27)	-
Finance costs	-	-
Loss before taxation	(27)	-
Taxation	-	-
Net loss for the financial year	(27)	-

Notes to the Financial Statements

31 December 2019

7. Investment in Subsidiary Companies (Cont'd)

(c) Disposal of a subsidiary company (Cont'd)

The assets and liabilities arising from the disposal are as follows:

	Group 2019 RM'000	Group 2018 RM'000
Trade receivables	775	-
Other receivables	1,202	-
Held-to-maturity investments	2,030	-
Tax recoverable	202	-
Cash and bank balances	87	-
Trade payables	(565)	-
Other payables	(5,051)	-
Lease payables	-	-
Tax payable	(54)	-
Net liabilities disposed off	(1,374)	-
Less: Non-controlling interests	(1,072)	-
	(2,446)	-
Gain on disposal of investment in subsidiary company	2,476	-
Disposal proceeds settled by cash	30	-
Less: Cash and cash equivalents of subsidiary company disposed	(87)	-
Net cash outflow from disposal of investment in subsidiary company	(57)	-

There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. Generally, for all subsidiary companies which are not wholly-owned by the Company, non-controlling shareholders hold protective rights restricting the Company's ability to use the assets of the subsidiary companies and settle the liabilities of the Group, unless approval is obtained from non-controlling shareholders.

Notes to the Financial Statements

31 December 2019

8. Goodwill

	Group	
	2019	2018
	RM'000	RM'000
Cost		
At 1 January 2019	19,660	19,660
Additions through separately acquired	1,084	-
At 31 December 2019	20,744	19,660
Accumulated impairment losses		
At 1 January 2019	17,396	17,396
Written off during the financial year	-	-
At 31 December 2019	17,396	17,396
Carrying amount		
At 31 December 2019	3,348	2,264

Goodwill acquired through business combinations has been allocated to the following CGUs as follows:

	Group	
	2019	2018
	RM'000	RM'000
Housing Development		
Budi Saja Sdn. Bhd.	1,084	-
Sinmah Development Sdn. Bhd.	2,264	2,264
	3,348	2,264

Impairment testing of goodwill

The recoverable amount of each CGU is determined based on value-in-use calculations using cash flow projections of financial budgets approved by senior management covering a three-years period. The budgeted gross margin used to extrapolate cash flows for the three-years period and pre-tax discount rate applied to the cash flow projections are as follows:

	Housing Division	
	2019	2018
Budgeted gross margins	22%	20%
Pre-tax discount rate	10%	10%

Notes to the Financial Statements

31 December 2019

8. Goodwill (Cont'd)

Impairment testing of goodwill (Cont'd)

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

Budgeted gross margins – Gross margins are based on average values achieved in the immediate year preceding the start of the budget period. No increase in gross margins are anticipated over the budgeted period.

The discount rate reflects the specific risks relating to the respective CGUs.

Market share assumptions. - Management assesses how the CGU's position relative to its competitors might change over the budget period. Management expects the Group's share in property market, on which the Group's products are depended upon, to be stable over the budget period.

Management believes that any reasonably possible change in the key consumptions on which recoverable amount is based would not cause the aggregate carrying value to exceed the aggregate recoverable amount of the CGU.

9. Contract assets/(liabilities)

	Group	
	2019	2018
	RM'000	RM'000
Current		
<u>Contract assets</u>		
Property development activities	969	17
Construction contracts	5,500	1,483
	6,469	1,500
<u>Contract liabilities</u>		
Property development activities	-	-
At 31 December		
Contract assets	6,469	1,500
Contract liabilities	-	-
	6,469	1,500

Notes to the Financial Statements

31 December 2019

9. Contract assets/(liabilities) (Cont'd)

(a) Property development activities

	Group	
	2019	2018
	RM'000	RM'000
At 1 January	17	(969)
Property development revenue recognised during the financial year:	9,198	7,163
Less: Billings during the financial year	(8,246)	(6,177)
	<hr/>	<hr/>
At 31 December	969	17
	<hr/>	<hr/>
Presented as:		
Contract assets	13,709	4,511
Contract liabilities	(12,740)	(4,494)
	<hr/>	<hr/>
	969	17
	<hr/>	<hr/>
Increase/(Decrease) in contract assets balances during the financial year:		
Arising from acquisition of subsidiary companies	1,130	-
Change in measure of progress	9,198	12,886
	<hr/>	<hr/>

Contract assets in relation to property development activities is the excess of revenue recognised in profit or loss over billings to purchasers as at the reporting date. This unbilled amount for work completed will be transferred to trade receivables when the right to bill becomes unconditional. Contract liabilities consist of billings in excess of revenue recognised, this amount is expected to be recognised as revenue over a period of 180 days.

(b) Amount due from contract customer

	Group	
	2019	2018
	RM'000	RM'000
At 1 January	1,483	-
Contract costs incurred to date	16,300	6,815
Attributable profits	346	829
Less: Progress billings	(12,629)	(6,161)
	<hr/>	<hr/>
At 31 December	5,500	1,483
	<hr/>	<hr/>
Presented as:		
Contract assets	5,500	1,483
	<hr/>	<hr/>

The contract assets represent the unbilled amount for work completed as at the reporting date. This amount will be transferred to trade receivables when the right to bill becomes unconditional.

Notes to the Financial Statements

31 December 2019

9. Contract asset/(liabilities) (Cont'd)

(b) Amount due from contract customer (Cont'd)

The contract liabilities consist of revenue recognised overtime in excess of billings during the construction period. This amount is expected to be billed to the customer within 30 days (2018: 30 days).

(c) Contract value yet to be recognised as revenue

The followings table shows the revenue expected to be recognised in the future relating to performance obligations that were unsatisfied at the reporting date:

	2020 RM'000	2021 RM'000	2022 RM'000	Total RM'000
Property development	26,867	44,788	62,274	133,929
Construction contracts	264	-	-	264
	27,131	44,788	62,274	134,193

The Group applies the practical expedient in MFRS 15 on not disclosing the aggregate amount of the revenue expected to be recognised in the future as the performance obligation is part of a contract that has an original expected duration of less than one year.

10. Trade Receivables

	Group	
	2019 RM'000	2018 RM'000
Trade receivables		
- Third parties	141,714	133,466
Less: Accumulated impairment losses	(97,559)	(98,343)
At 31 December	44,155	35,123

Trade receivables are non-interest bearing and are generally on 30 to 120 days (2018: 30 to 120 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in the trade receivables was an amount of RM539,401 (2018: RM525,067) retained by stakeholders which are due upon the expiry of retention period as stipulated in the sales and purchase agreements. The retention periods range from 8 to 24 months (2018: 8 to 24 months).

Notes to the Financial Statements

31 December 2019

10. Trade Receivables (Cont'd)

Movements in the allowance for impairment losses are as follows:

	Group	
	2019	2018
	RM'000	RM'000
At 1 January	98,343	73,794
Effect of adopting MFRS 9	-	3,908
Impairment losses (reversed)/recognised	(784)	24,328
Amount written off	-	(3,687)
At 31 December	97,559	98,343

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group and the Company are satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

	Gross Amount	Loss Allowance	Net Amount
	RM'000	RM'000	RM'000
2019			
Neither past due nor impaired	10,670	(649)	10,021
Past due not impaired:			
Less than 30 days	10,496	(631)	9,865
31 to 60 days	5,896	(387)	5,509
61 to 90 days	17,093	(485)	16,608
	33,485	(1,503)	31,982
	44,155	(2,152)	42,003
Credit impaired:			
More than 90 days past due			
Individual impaired	97,559	(95,407)	2,152
	141,714	(97,559)	44,155

Notes to the Financial Statements

31 December 2019

10. Trade Receivables (Cont'd)

	Gross Amount RM'000	Loss Allowance RM'000	Net Amount RM'000
2018			
Neither past due nor impaired	20,093	(614)	19,479
Past due not impaired:			
Less than 30 days	2,467	(438)	2,029
31 to 60 days	329	(202)	127
61 to 90 days	12,234	(2,422)	9,812
	15,030	(3,062)	11,968
	35,123	(3,676)	31,447
Credit impaired:			
More than 90 days past due			
Individual impaired	98,343	(94,667)	3,676
	133,466	(98,343)	35,123

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

As at 31 December 2019, trade receivables of approximately RM31,982,000 (2018: RM11,968,000) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to approximately RM95,407,000 (2018: RM94,667,000), related to customers that are in financial difficulties, have defaulted on payments and / or have disputed on the billings. These balances are expected to be recovered through the debts recovery process.

11. Other Receivables

	Group	
	2019 RM'000	2018 RM'000
Deferred expenditure	3,103	2,602
Other receivables	7,368	20,130
Prepayments	1,808	930
Refundable deposits	3,822	5,790
	16,101	29,452
Less: Accumulated impairment losses	(4,653)	(4,653)
	11,448	24,799

Notes to the Financial Statements

31 December 2019

11. Other Receivables (Cont'd)

	Company	
	2019	2018
	RM'000	RM'000
Other receivables	108	18

Movement in the allowance for impairment losses of other receivable are as follows:

	Group	
	2019	2018
	RM'000	RM'000
At 1 January	4,653	1,460
Impairment loss recognised	-	3,193
At 31 December	4,653	4,653

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments.

12. Amount Due from Subsidiary Companies

Amount due from subsidiary companies with non-interest bearing, unsecured and repayable on demand.

13. Deposits, Cash and Bank Balances

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	3,195	8,253	159	441
Housing Development Accounts	1,679	945	-	-
Deposits with licensed banks				
- Conventional	27,751	25,888	8,000	15,000
Total cash and bank balances	32,625	35,086	8,159	15,441
Less:				
Deposits with tenures of more than 3 months	878	587	8,000	15,000
Deposits pledged with licensed banks	26,873	25,301	-	-
	4,874	9,198	159	441

Notes to the Financial Statements

31 December 2019

13. Deposits, Cash and Bank Balances (Cont'd)

Housing Development Accounts pursuant to Housing Development (Control and Licensing) Act 1966 and are restricted from use in other operations.

Deposits with licensed institutions are pledged to secure banking facilities granted to the Group as disclosed in Note 17.

Deposits of the Group and Company have maturity periods ranging from overnight to 12 months (2018: overnight to 12 months).

14. Non-current Assets Held For Sale

	Group	
	2019 RM'000	2018 RM'000
At 1 January	-	17,345
Transfer (to)/from property, plant and equipment (Note 4)	-	(1,922)
Written off	-	(87)
Disposal	-	(15,336)
<hr/>		
At 31 December	-	-

In previous financial year, land and farm in poultry segment were expected to be recovered primarily through sale rather than through continuing use was classified as held for sale.

15. Share Capital

	Group and Company			
	Number of shares		Amount	
	2019 Unit '000	2018 Unit '000	2019 RM'000	2018 RM'000
Issued and fully paid:				
<u>Ordinary shares</u>				
At the beginning of financial year	213,791	61,083	149,840	123,220
Rights issue	-	152,708	-	30,542
Rights issue expenses	-	-	-	(303)
Warrants reserve	-	-	-	(3,619)
<hr/>				
At the end of the financial year	213,791	213,791	149,840	149,840

Included in the share capital is share premium amount to RM62,137,000 that was not utilised on or before its expiry date of 31 January 2019.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

Notes to the Financial Statements

31 December 2019

16. Warrant Reserves

Warrant reserve represents reserve allocated to free detachable warrants issued with existing and new issue of Company's shares.

Warrants C

The Rights Warrants are constituted by a Deed Poll dated 25 July 2018. The salient features of the Warrants are as follows:

- (a) Each Warrant entitles the registered holder to subscribe for one new ordinary share at the exercise price, to be determined at a price fixing date later, subject to adjustments in accordance with the provisions of the Deed Poll;
- (b) The Warrants may be exercised at any time within 5 years commencing on and including the date of first issuance of the Warrants. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid. All Warrants mature on 11 September 2023; and
- (c) The Warrant holders are not entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to date of allotment and issuance of new ordinary shares in the Company upon the exercise of the Warrants. The Warrant holders are not entitled to any voting rights or participation in any form of distribution and/or offer of securities in the Company until and unless such Warrant holders exercise their Warrants into new ordinary shares in the Company.

As at 31 December 2019, the total number of Warrants C that remain unexercised were 38,177,039 (2018: 38,177,039).

17. Bank Borrowings

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Secured				
Bank overdrafts	12,938	4,843	4,978	-
Bankers' acceptance	27,967	14,780	3,000	-
Term loans	32,396	10,181	-	-
	73,301	29,804	7,978	-
Current				
Bank overdrafts	12,938	4,843	4,978	-
Bankers' acceptance	27,967	14,780	3,000	-
Term loans	6,470	1,856	-	-
	47,375	21,479	7,978	-
Non-current				
Term loans	25,926	8,325	-	-
Total bank borrowings	73,301	29,804	7,978	-

Notes to the Financial Statements

31 December 2019

17. Bank borrowings (Cont'd)

The bank borrowings are secured by the following:

- (i) Fixed and floating charges over certain assets and also negative pledges over the assets of the Group (Note 4,5 and 6). The borrowings of the subsidiaries are additionally guaranteed by the Company;
- (ii) Corporate guarantees from the Company's to certain existing operating subsidiary companies;
- (iii) Personal guarantees from certain directors of the Company on borrowings of a new subsidiary company;
- (iv) Undertaking by the Company, to fully repay the facilities should the subsidiary companies be unable to meet its obligations;
- (v) Cross defaults, rights of set-off, negative pledges and pari passu ranking with all other debts of the subsidiary companies, except where the obligations are preferred by applicable laws; and
- (vi) Pledge of certain fixed deposits of the Group and of the Company as disclosed in Note 13 to the financial statements.

The average effective interest rates per annum are as follows:

	2019 %	2018 %	2019 %	2018 %
Bank overdrafts	6.85 to 8.60	9.40	8.60	-
Bankers' acceptance	4.72 to 7.58	5.10	5.72	-
Revolving credits	4.80	8.35	-	-
Term loans	8.80	8.33	-	-

18. Finance lease payables

	Group 2018 RM'000
Minimum lease payments:	
Within one year	489
Later than one year and not later than five years	914
	1,403
Less: Future finance charges	(134)
	1,269

Notes to the Financial Statements

31 December 2019

18. Finance lease payables (Cont'd)

	Group 2018 RM'000
Present value of minimum lease payments:	
Within one year	429
Later than one year and not later than five years	840
	1,269
Analysed as:	
Repayable within twelve months	429
Repayable after twelve months	840
	1,269

The finance lease payables bear interest rates ranges at rate at NIL (2018: rates range from 2.40% to 4.75%) per annum.

In the previous financial year, the Group leases plant and machineries under finance lease (Note 4.) At the end of lease term, the Group has the option to acquire the assets at a nominal price deemed to be a bargain purchase option. There are no restriction covenants imposed by the lease agreement and no arrangements have been entered into for contingent rental payments.

19. Lease Liabilities

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At 1 January 2019	-	-	-	-
Effect of adoption of MFRS 16	5,177	-	659	-
At 1 January 2019, restated	5,177	-	659	-
Acquisition of subsidiary companies	60	-	-	-
Purchase of property, plant and equipment	789	-	-	-
Payments	(2,025)	-	(25)	-
At 31 December 2019	(2,025)	-	634	-
Presented as:				
Non-current	3,299	-	553	-
Current	702	-	81	-
	(2,025)	-	634	-

Notes to the Financial Statements

31 December 2019

19. Lease Liabilities (Cont'd)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
The maturity analysis of lease liabilities of the Group and of the Company at the end of the reporting period:				
Within one year	1,218	-	134	-
Later than one year and not later than five years	3,712	-	668	-
Later than five years	-	-	-	-
	4,930	-	802	-
Less: Future finance charges	(929)	-	(168)	-
Present value of minimum lease payments	4,001	-	634	-
Present value of minimum lease payments:				
Within one year	702	-	81	-
Later than one year and not later than five years	3,299	-	553	-
Later than five years	-	-	-	-
	4,001	-	634	-
Analysed as:				
Repayable within twelve months	702	-	81	-
Repayable after twelve months	3,299	-	553	-
	4,001	-	634	-

The Group leases various land, buildings, machineries and equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

20. Deferred tax liabilities

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At beginning of the financial year	653	(123)	-	-
Recognised in profit or loss (Note 27)	(852)	776	102	-
Acquisition of subsidiary company	3,511	-	-	-
At the end of the financial year	3,312	653	102	-

20. Deferred tax liabilities (Cont'd)

The deferred tax assets and liabilities shown on the statements of financial position before the appropriate offsetting are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Deferred tax assets	-	-	-	-
Deferred tax liabilities	3,312	653	102	-
	3,312	653	102	-

The components and movements of deferred tax liabilities and assets are as follows:

	Property, plant and equipment RM'000	Unutilised tax losses and capital allowance RM'000	Unabsorbed reinvestment allowance RM'000	Others RM'000	Total RM'000
Group					
At 1 January 2019	653	-	-	-	653
Recognised in profit and loss	(410)	(82)	-	(360)	(852)
Acquisition of subsidiary company	-	-	-	3,511	3,511
At 31 December 2019	243	(82)	-	-	3,312
Company					
At 1 January 2018	2,123	(1,542)	(704)	-	(123)
Recognised in profit and loss	(1,470)	1,542	704	-	776
At 31 December 2018	653	-	-	-	653
Company					
At 1 January 2019	-	-	-	-	-
Recognised in profit and loss	102	-	-	-	102
At 31 December 2019	102	-	-	-	102

Notes to the Financial Statements

31 December 2019

20. Deferred tax liabilities (Cont'd)

Deferred tax assets have not been recognised in respect of the following temporary difference due to uncertainty of its recoverability:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Unutilised tax losses and capital allowances	35,085	32,626	-	-

The amount of unutilised tax losses and deductible temporary differences for which no deferred tax asset is recognised in the statements of financial position are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Unutilised tax losses				
- expiring not more than six years	25,771	-	-	-
- expiring not more than seven years	6,794	29,183	-	-
	32,565	29,183	-	-

Deferred tax assets have not been recognised on the unutilised tax losses as the realisation of the tax benefits accruing to these tax losses is uncertain.

- (a) With effect from year of assessment 2019, unutilised tax losses are allowed to be carried forward up to a maximum of seven consecutive years of assessment under the current tax legislation. The other temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future profits will be available against which the Group and the Company can utilise the benefits therefrom.

21. Trade Payables

	Group	
	2019 RM'000	2018 RM'000
Trade payables	12,470	8,942

Credit terms of trade payables of the Group and of the Company range from 30 to 90 days (2018: 30 to 90 days) depending on the terms of the contracts.

Notes to the Financial Statements

31 December 2019

22. Other Payables

	Group	
	2019	2018
	RM'000	RM'000
Other payables	4,674	5,329
Deposit received	8	6
Accruals	1,447	1,062
Deferred income	555	1,895
	<hr/> 6,684	<hr/> 8,292

	Company	
	2019	2018
	RM'000	RM'000
Other payables	1,034	56
Deposit received	6	6
Accruals	306	188
	<hr/> 1,346	<hr/> 250

Included in other payable is an amount of RM10,633 (2018: RM12,000) owing to a company in which certain directors have interest.

23. Amount Due to Directors

Amount due to directors are non-interest bearing, unsecured and repayable on demand.

24. Revenue

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers:				
- Sales of goods	165,659	164,181	-	-
- Property development	10,910	9,286	-	-
- Construction contract	5,889	7,464	-	-
	<hr/> 182,458	<hr/> 180,931	<hr/> -	<hr/> -

Notes to the Financial Statements

31 December 2019

24. Revenue (Cont'd)

Breakdown of the Group's revenue from contract with customers:

	Poultry RM'000	Property development RM'000	Construction contract RM'000	Total RM'000
Group 2019				
Major goods and services				
Sales of goods	165,659	-	-	165,659
Property development	-	10,910	-	10,910
Construction contract	-	-	5,889	5,889
Total revenue from contract with customer	165,659	10,910	5,889	182,458
Timing of revenue recognition:				
At a point in time	165,659	1,712	-	167,371
Overtime	-	9,198	5,889	15,087
Total revenue from contracts with customers	165,659	10,910	5,889	182,458
Group 2018				
Major goods and services				
Sales of goods	164,181	-	-	164,181
Property development	-	9,286	-	9,286
Construction contract	-	-	7,464	7,464
Total revenue from contract with customer	164,181	9,286	7,464	180,931
Timing of revenue recognition				
At a point in time	164,181	-	-	164,181
Overtime	-	9,286	7,464	16,750
Total revenue from contracts with customers	164,181	9,286	7,464	180,931

Notes to the Financial Statements

31 December 2019

25. Finance Costs

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest expenses on:				
Bank overdrafts	621	572	80	-
Banker's acceptance	1,637	1,312	-	-
Term loans	1,700	1,727	-	-
Finance lease	-	80	-	-
Lease liabilities	78	-	-	-
Revolving credits	43	705	43	-
Others	71	-	20	-
	4,150	4,396	143	-

26. Profit/(Loss) Before Taxation

Profit/(Loss) before taxation is determined after charging/(crediting) amongst other, the following items:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Auditors' remuneration				
Statutory audit				
- current year	217	195	31	25
- (over)/under provision in prior years	(4)	6	-	-
Non-audit services	5	65	5	5
Bad debts written off on:				
- other receivables	640	-	-	-
Impairment losses on:				
- trade receivables	(784)	24,328	-	-
- other receivables	-	3,193	-	-
- investments in subsidiary companies	-	-	-	28,897
Executive directors remuneration	3,786	3,618	-	-
Depreciation / amortisation:				
- property, plant and equipment	857	1,741	9	8
- land use rights	-	1	-	-
- right of use	389	-	37	-
Gain on disposal of:				
- property, plant, equipment and non-current assets held for sale	(18,708)	(16,097)	-	-
- subsidiary companies	(2,476)	-	-	-
Loss/(Gain) on foreign exchange:				
- realised	10	18	-	-
- unrealised	(5)	38	-	-

Notes to the Financial Statements

31 December 2019

26. Profit/(Loss) Before Taxation (Cont'd)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Lease expenses				
- office	5	81	-	-
- motor vehicles	-	585	-	-
Non-executive director remuneration	176	184	202	184
Property, plant and equipment and asset held for sale written off	7	107	-	-
Bad debt recovered	(6)	(100)	-	-
Rental income	(24)	(114)	-	-
Interest income	(709)	(957)	-	-

27. Taxation

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Tax expenses recognised in profit or loss				
Current year provision:				
- Malaysian income tax	2,711	2,944	30	-
- (Over)/Under provision in prior years	(85)	861	31	-
- Real property gain tax	455	-	-	-
	3,081	3,805	61	-
Deferred tax (Note 20):				
Origination and reversal of temporary differences	72	320	45	-
(Over)/Under provision in prior years	(924)	456	57	-
	(852)	776	102	-
	2,229	4,581	163	-

Malaysian income tax is calculated at the statutory rate of 24% (2018: 24%) of the estimated assessable profits for the financial year.

A reconciliation of income tax expenses applicable to profit/(loss) before taxation at the statutory tax rate to income tax expenses at the effective income tax of the Group and of the Company are as follows:

Notes to the Financial Statements

31 December 2019

27. Taxation (Cont'd)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit/(Loss) before taxation	1,426	(35,135)	(2,690)	538
Taxation at statutory tax rate of 24% (2018: 24%)	342	(8,432)	(646)	129
Income not subject to tax	(66)	(21,450)	-	(7,200)
Real property gains tax	455	2,435	-	-
Expenses not deductible for tax purposes	1,911	28,072	281	7,071
Deferred tax assets not recognised	1,350	3,575	440	-
Utilisation of unrecognised tax allowance	(754)	(936)	-	-
(Over)/Under provision in prior years				
- current tax	(85)	861	31	-
- deferred tax	(924)	456	57	-
Tax expenses for the financial year	2,229	4,581	163	-

As at 31 December 2019, the Group and the Company have unutilised tax losses and unabsorbed capital allowances of approximately RM32,565,000 (2018: RM29,183,000) and RM4,000,000 (2018: RM4,278,000) respectively available to offset against future taxable profit. The said amounts are subject to approval by tax authorities.

28. Loss Per Share

(a) Basic loss per share

The basic loss per share are calculated based on the consolidated loss for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2019	2018
Loss attributable to owners of the parent (RM'000)	(853)	(39,178)
Weighted average number of ordinary shares in issue (in thousands of shares) :	213,791	112,962
Basic loss per ordinary share (in sen)	(0.4)	(34.7)

Notes to the Financial Statements

31 December 2019

28. Loss Per Share (Cont'd)

(b) Diluted loss per share

Diluted loss per share are calculated based on the adjusted consolidated loss for the financial year attributable to the owners of the parent by the adjusted weighted average number of ordinary shares issued and issuable during the year as follows:

	Group	
	2019	2018
Loss attributable to the owners of parent (RM)	(853)	(39,178)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	213,791	112,962
Adjusted for:		
Assumed conversion of warrants	38,177	23,905
Weighted average number of ordinary shares	251,968	136,867
Diluted loss per share (sen)	(0.3)	(28.6)

29. Staff Costs

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Salaries, wages and other emoluments	10,253	9,330	-	-
Defined contribution plan	1,234	1,193	-	-
Other benefits	1,265	1,303	-	-
	12,752	11,826	-	-

29. Staff Costs (Cont'd)

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Company and of the subsidiary companies during the financial year as below:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Executive Directors				
<u>Existing Directors of the Company</u>				
Salary and other emoluments	2,634	2,584	-	-
Defined contribution plans	316	310	-	-
Estimated money value of benefit-in-kind	3	3	-	-
	2,953	2,897	-	-
Executive Directors				
<u>Existing Directors of subsidiary companies</u>				
Salary and other emoluments	731	553	-	-
Fee	-	105	-	-
Defined contribution plans	90	63	-	-
Estimated money value of benefit-in-kind	12	-	-	-
	833	721	-	-

30. Reconciliation of liabilities arising from financing activities

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	At 1 January RM'000	Effect of adopting MFRS16 RM'000	Financing cash flows (i) RM'000	Acquisition of subsidiary company (Note8(a)) RM'000	Non-cash changes New finance lease (Note 4(c)) RM'000	At 31 December RM'000
Group						
2019						
Lease liabilities (Note 19)	-	5,177	(2,025)	60	789	4,001
Term loans (Note 17)	10,181	-	5,278	16,937	-	32,396
Short term borrowings (Note 17)	14,780	-	13,187	-	-	27,967
	26,230	26,230	17,597	16,997	789	61,613

Notes to the Financial Statements

31 December 2019

30. Reconciliation of liabilities arising from financing activities (Cont'd)

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes: (Cont'd)

	At 1 January RM'000	Financing cash flows (i) RM'000	Acquisition of subsidiary company (Note8(a)) RM'000	Non-cash changes New finance lease (Note 4(c)) RM'000	At 31 December RM'000
Group					
2018					
Finance lease liabilities (Note 18)	1,462	(1,151)	-	958	1,269
Term loans (Note 17)	20,430	(10,249)	-	-	10,181
Short term borrowings (Note 17)	71,294	(56,514)	-	-	14,780
Advances from holding company	7,900	(7,900)	-	-	-
	101,086	(75,814)	-	958	26,230

	At 1 January RM'000	Effect of adopting MFRS16 RM'000	Financing cash flows (i) RM'000	Acquisition of subsidiary company (Note8(a)) RM'000	Non-cash changes New finance lease (Note 4(c)) RM'000	At 31 December RM'000
Company						
2019						
Lease liabilities (Note 19)	-	659	(25)	-	-	634
Short term borrowings (Note 17)	-	-	3,000	-	-	3,000
	-	659	2,975	-	-	3,634

(i) The cash flows from loans and borrowings make up the net amount of proceeds from or repayments of borrowings in the statements of cash flows.

(ii) Other changes include capitalisation of borrowing costs, interest accruals and payments.

31. Related Party Disclosure

(a) Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the group entities directly or indirectly.

(b) Significant related party transaction

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant party transaction of the Group and the of Company are as follows:

	2019	2018
	RM'000	RM'000
Company		
Transaction with subsidiary companies		
Advances from subsidiaries	13,718	41,272
Advances to subsidiaries	23,479	49,692
Repayment to subsidiaries through contra	80,356	4,188
Repayment from subsidiaries through contra	80,356	4,188
Payments on behalf by subsidiaries	277	231
Payments on behalf of subsidiaries	4,749	6,312
Waiver of debt owing to subsidiaries	-	30,000
Cash repayment from subsidiaries	689	415

(c) Compensation of key management personnel

Remuneration of key management personnel are as follows:

	Group	
	2019	2018
	RM'000	RM'000
Salary, fees and other emoluments	1,463	1,488
Defined contribution plans	165	169
Estimated money value of benefit-in-kind	39	58
	1,667	1,715

Notes to the Financial Statements

31 December 2019

32. Segment Information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

Poultry	This consists of manufacturing and wholesale of animal feeds, poultry breeding, hatchery operations, contract farming, poultry processing and trading of feeds, day-old chicks, medications and vaccines.
Housing development	This consists of development and construction of residential and commercial properties.
Healthcare services	This consists of development of hospitals, running of hospitals, clinics, laboratories and related healthcare activities.
Other business segments	This includes investment holding and provision of management services, and trading of chemicals, medication and related equipment, none of which are of a sufficient size to be reported separately.

Management monitors the operating results of its business units separately for the purposes of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

	Poultry RM'000	Housing development RM'000	Healthcare RM'000	Others RM'000	Adjustments and eliminations RM'000	Total RM'000
Group 2019 Revenue						
Sales	165,612	16,799	47	-	-	182,458
Inter-segment sales	124,055	12,291	-	-	(136,346)	-
Total revenue	289,667	29,090	47	-	(136,346)	182,458
Results						
Segment results	13,565	(3,684)	(1,788)	(2,684)	(542)	4,867
Interest income	542	63	-	104	-	709
Interest expenses	(2,664)	(1,296)	(47)	(143)	-	(4,150)
Other non-cash items	17,771	(716)	(166)	(46)	(817)	16,026
Profit/(loss) before taxation	11,443	(4,917)	(1,835)	(2,723)	(542)	1,426
Taxation	(2,748)	84	(28)	(163)	626	(2,229)
Segment profit/(loss)	8,695	(4,833)	(1,863)	(2,886)	84	(803)

32. Segment Information (Cont'd)

	Poultry RM'000	Housing development RM'000	Healthcare RM'000	Others RM'000	Adjustments and eliminations RM'000	Total RM'000
Group						
2019						
Assets						
Additions to property, plant and equipment	492	20	657	9	-	1,178
Segment assets	121,858	179,288	18,413	96,612	(216,851)	199,320
Liabilities						
Segment liabilities	112,807	160,442	15,715	16,796	(202,327)	103,433
Non-cash (expenses)/income						
Depreciation and amortisation	(958)	(76)	(166)	(46)	-	(1,246)
Gain on disposal of property, plant and equipment and non-current assets held for sale	19,525	-	-	-	(817)	18,708
Impairment losses on:						
- Trade receivables	(784)	-	-	-	-	(784)
Property, plant and equipment written off	(7)	-	-	-	-	(7)
Realised loss on foreign exchange	(10)	-	-	-	-	(10)
Unrealised gain on foreign exchange	5	-	-	-	-	5
Bad debt written off	-	(640)	-	-	-	(640)

Notes to the Financial Statements

31 December 2019

32. Segment Information (Cont'd)

	Poultry RM'000	Housing development RM'000	Others RM'000	Adjustments and eliminations RM'000	Total RM'000
Group 2018					
Revenue					
Sales	164,181	16,750	-	-	180,931
Inter-segment sales	182,840	8,794	2,040	(193,674)	-
Total revenue	347,021	25,544	2,040	(193,674)	180,931
Results					
Segment results	(79,899)	1,574	47,861	(1,232)	(31,696)
Interest income	546	85	326	-	957
Interest expenses	(3,600)	(636)	(160)	-	(4,396)
Other non-cash items	(13,295)	(45)	(148)	178	(13,310)
(Loss)/Profit before taxation	(82,953)	1,023	48,027	(1,232)	(35,135)
Taxation	(5,974)	(394)	11	1,776	(4,581)
Segment (loss)/profit	(88,927)	629	48,038	544	(39,716)
Assets					
Additions to property, plant and equipment	5,028	73	6	-	5,107
Segment assets	132,698	71,561	78,207	(133,990)	148,476
Liabilities					
Segment liabilities	128,585	50,105	7,224	(134,950)	50,964
Non-cash (expenses)/income					
Depreciation and amortisation	(1,610)	(45)	(86)	-	(1,741)
Gain on disposal of property, plant and equipment and non-current assets held for sale	16,097	-	-	-	16,097
Impairment losses on:					
- Trade receivables	(24,735)	-	(49)	178	(24,606)
- Other receivables	(3,193)	-	-	-	(3,193)
Property, plant and equipment written off	(94)	-	(13)	-	(107)
Unrealised loss on foreign exchange	(38)	-	-	-	(38)

32. Segment Information (Cont'd)

Adjustments and eliminations

Fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a group basis.

Additions to non-current assets consists of additions of property, plant and equipment.

Inter-segment revenues are eliminated on consolidation.

Geographic information

No disclosure on geographical segment information as the Group operates predominantly in Malaysia.

Major customers

There is no significant concentration of revenue from any major customers as the Group sells its development properties to individual purchase.

33. Financial Instruments

(a) Classification of financial assets

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	At amortised costs RM'000	Total RM'000
Group 2019		
Financial Assets		
Trade receivables	44,155	44,155
Other receivables	6,537	6,537
Deposits, bank and cash balances	32,625	32,625
	<hr/> 83,317	<hr/> 83,317

Notes to the Financial Statements

31 December 2019

33. Financial Instruments (Cont'd)

(a) Classification of financial assets (Cont'd)

	At amortised costs RM'000	Total RM'000
Group 2019		
Financial Liabilities		
Trade payables	12,470	12,470
Other payables	6,129	6,129
Amount due to directors	829	829
Lease liabilities	4,001	4,001
Bank borrowings	73,301	73,301
	96,730	96,730
Group 2018		
Financial Assets		
Trade receivables	35,123	35,123
Other receivables	21,267	21,267
Deposits, bank and cash balances	35,086	35,086
	91,476	91,476
Financial Liabilities		
Trade payables	8,942	8,942
Other payables	6,397	6,397
Finance lease payables	1,269	1,269
Bank borrowings	29,804	29,804
	46,412	46,412

33. Financial Instruments (Cont'd)

(a) Classification of financial assets (Cont'd)

	At amortised costs RM'000	Total RM'000
Company 2019		
Financial Assets		
Other receivables	108	108
Amount due from subsidiary companies	82,325	82,325
Deposits, bank and cash balances	8,159	8,159
	90,592	90,592
Financial Liabilities		
Other payables	1,346	1,346
Bank borrowings	7,978	7,978
Lease liabilities	634	634
	9,958	9,958
Company 2018		
Financial Assets		
Other receivables	18	18
Amount due from subsidiary companies	57,462	57,462
Deposits, bank and cash balances	15,441	15,441
	72,921	72,921
Financial Liability		
Other payables	250	250

Notes to the Financial Statements

31 December 2019

33. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to subsidiary companies. There are no significant changes as compared to prior periods.

The Group and the Company adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured loans and advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

At each reporting date, the Group and the Company assess whether any of the receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities granted to certain subsidiary companies. The Company's maximum exposure in this respect is RM77,302,000 (2018: RM29,804,000), representing the outstanding banking facilities of the subsidiary companies as at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

The Group has no significant concentration of credit risk as its exposure spread over a large number of customers. The Company has no significant concentration of credits risks except for advances to its subsidiary companies where risks of default have been assessed to be low.

There are no significant changes as compared to previous financial year.

Notes to the Financial Statements

31 December 2019

33. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand or within 1 year RM'000	1 to 5 years RM'000	After 5 years RM'000	Total contractual cash flows RM'000	Total carrying amounts RM'000
Group					
2019					
Trade payables	12,470	-	-	12,470	12,470
Other payables	6,129	-	-	6,129	6,129
Amount due to directors	829	-	-	829	829
Lease liability	1,218	3,712	-	4,930	4,001
Bank borrowings	30,010	45,746	-	75,756	73,301
	50,656	49,458	-	100,114	96,730
2018					
Trade payables	8,942	-	-	8,942	8,942
Other payables	6,397	-	-	6,397	6,397
Finance lease payables	489	914	-	1,403	1,269
Bank borrowings	21,479	7,879	2,285	31,643	29,804
	37,307	8,793	2,285	48,385	46,412
Company					
2019					
Other payables	1,346	-	-	1,346	1,346
Bank borrowings	7,978	-	-	7,978	7,978
Lease liabilities	134	668	-	802	634
	9,458	668	-	10,126	9,958
2018					
Other payables	250	-	-	250	250

Notes to the Financial Statements

31 December 2019

33. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of group entities. The currencies giving rise to this risk is primarily United States Dollar ("USD").

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	Denominated in USD Group RM'000	Company RM'000
2019		
Trade payables	(252)	-
2018		
Trade payables	167	-

Foreign currency sensitivity analysis

Foreign currency risk arises from group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD exchange rates against RM, with all other variables held constant.

	Group	
	2019 RM'000	2018 RM'000
USD - strengthened 5%	(13)	(8)
- weakened 5%	13	8

33. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(b) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group and the Company manage the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The Group and the Company manage its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group and the Company constantly monitor its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group and the Company do not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2019	2018
	RM'000	RM'000
Group		
Financial Liability		
Finance lease payables	-	1,269
<hr/>		
Floating rate instruments		
Financial Liability		
Bank borrowings	73,301	29,804
<hr/>		
Company		
Floating rate instruments		
Financial Liability		
Bank borrowings	7,978	-
<hr/>		

Notes to the Financial Statements

31 December 2019

33. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(b) Interest rate risk(Cont'd)

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group' and the Company's (loss)/profit before tax by RM733,000 and RM80,000 (2018: RM298,000 and Nil) respectively, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Fair value of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments not carried at fair value			Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
2018				
Group				
Financial Liability				
Finance lease payables	-	1,403	-	840

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical assets or liabilities.

33. Financial Instruments (Cont'd)

(c) Fair value of financial instruments (Cont'd)

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

34. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratio at end of the reporting period is as follows:

	2019	2018
	RM'000	RM'000
Total loans and borrowings	77,302	31,073
Less: Deposits, bank and cash balances	(4,784)	(9,785)
Net debt	72,518	21,288
Equity attributable to owners of the parent	95,701	96,554
Gearing ratio	0.76	0.22

There were no changes in the Group's approach to capital management during the year.

Notes to the Financial Statements

31 December 2019

35. Significant Events

- (a) On 17 January 2019, the Company announce to Bursa the following:
- (i) Proposed diversification of the business of the Company and its subsidiaries (“Sinmah Group” or “Group”) into healthcare business;
 - (ii) Sinmah Medical Center Sdn. Bhd. (“SMCSB”) (a 95%-owned subsidiary of Sinmah Amegajaya Healthcare Sdn. Bhd. (“SAHSB”)) which in turn is a 70%-owned subsidiary of Sinmah) has entered into a conditional sale and purchase agreement with The Aston Holiday Sdn Bhd (“Vendor”) (“SPA 1”) to acquire a piece of freehold land together with a three-star hotel (“Property 1”) erected thereon, for a cash consideration of RM23,000,000 (“Proposed Property 1 Acquisition”); and
 - (iii) SMCSB has on 17 January 2019 entered into a conditional sale and purchase agreement with the Vendor to acquire a piece of freehold land together with a 6-storey commercial building (“Property 2”) erected thereon, for a cash consideration of RM4,000,000.

The Proposed Diversification will provide the Group with the opportunity to diversify its earnings by venturing into the provision of healthcare services by owning, constructing and operating hospitals providing medical services. The additional revenue contribution from the provision of healthcare services is expected to contribute positively to the Group’s future revenue stream and profitability.

The Board has identified the Proposed Property 1 Acquisition and Proposed Property 2 Acquisition (“Proposed Acquisitions”) as part of the Sinmah Group’s diversification into the provision of healthcare business.

The Board believes that the Group has the capacity, capabilities and resources to diversify into the healthcare business after taking into consideration the competency and experience of relevant key personnel deemed to be instrumental in the Group’s venture into the healthcare business. The Group will also be engaging with reputable healthcare professionals for guidance on green field set-up, operational tie-up, management support and resources sharing for the operations of the hospital and medical-related services.

- (b) On 27 February 2019, Sinmah Multifeed Sdn. Bhd. (“Multifeed” or “Vendor”), the 99.99% owned subsidiary of the Company, had entered into a conditional sale and purchase agreement with Huat Lai Feedmill Sdn. Bhd. (“Huat Lai” or “Purchaser”) to dispose-off two (2) parcels of leasehold land measuring a total of approximately 4.52 acres (approximately 18,309.90 square meters) together with buildings erected thereon as well as plant and machineries attached to the property for a total cash consideration of RM27.20 million (“Disposal Consideration”).

The Company intends to utilise the Disposal Consideration as follows:

Intended purposes	Planned Utilisation RM'000	Expected timeframe for utilisation of proceeds (from date of completion)
Repayment of bank borrowings	14,500	Within 12 months
Working capital	12,500	Within 12 months
Expenses in relation to the Proposed Disposal	200	Within 2 weeks
	27,200	

The disposal was completed in September 2019 and all proceeds of disposal were utilised within the set time frame.

35. Significant Events (Cont'd)

- (c) On 31 July 2019, Sinmah Development Sdn. Bhd. ("SDSB"), a wholly-owned subsidiary of the Company ("the Purchaser"), had entered into a Sale and Purchase Agreement with Chin Huan Ngi ("the Vendor") to acquire a piece of freehold vacant land held under individual title known as Geran 5499, Lot 953, Mukim Durian Tunggal, Daerah Alor Gajah, Negeri Melaka for a total consideration of RM7,297,824.60 for housing development purposes. The acquisition was completed during the financial year.

36. Subsequent Events

- (a) On 14 February 2020, Sime Darby Property (City of Elmina) Sdn. Bhd. (formerly known as Sime Darby Elmina Development Sdn. Bhd.) ("SDP Elmina") had accepted an offer from Sinmah Amegajaya Healthcare Sdn. Bhd. (a 70%-owned indirect subsidiary of the Company) ("SAHSB") to purchase a piece of land measuring approximately 5 acres which has been sub-divided from a piece of land held under H.S.(D) 287140 PT 50327, Mukim Sungai Buloh, Daerah Petaling, Negeri Selangor ("Land") for a purchase price of RM32,670,000 ("Purchase Price") ("the Offer"), made through SAHSB's letter dated November 2019, and subject to a sale and purchase agreement ("SPA") to be executed by both parties within 3 months from the date of fulfilment of all conditions precedent. SAHSB intends to build a university hospital and a hospital related building on the Land.
- (b) On 17 February 2020, SAH Medical Center Sdn. Bhd. ("SMCSB"), a 95%-owned subsidiary of Sinmah Amegajaya Healthcare Sdn. Bhd., which in turn is a 69% owned subsidiary of Sinmah Healthcare Sdn. Bhd., a wholly-owned subsidiary of the Company had issued a notice of termination ("Notice") to The Aston Holiday Sdn. Bhd., the Vendor of 2 pieces of property that SMSB, as Purchaser, had signed conditional Sale and Purchase Agreements ("SPAs") with on 17 January 2019.

The reason for the termination as indicated in the Notice is the breach by the Vendor of certain terms in the SPAs, whereby the market values of the Properties have been devalued as a result of the removal of various fittings, furnishings and/or furniture in and on the Properties.

Pursuant to the Notice, SMSB is seeking for a refund of deposits and first payments totalling RM2,740,000 as well as liquidated damages amounting to RM2,700,000 from the Vendor, in accordance with the terms of the SPAs. At the same time, SMSB is considering all its options including negotiations to re-acquire the Properties at a purchase consideration to be determined, and will make the necessary announcements in the future.

- (c) On 17 April 2020, Sterling Healthcare Sdn. Bhd. ("Sterling"), a wholly owned subsidiary of Sinmah Amegajaya Healthcare Sdn. Bhd. ("SAHSB"), a 69% owned subsidiary company of Sinmah Healthcare Sdn. Bhd. ("SHSB"), the wholly owned subsidiary company of the Company had increased share capital from RM50,000 to RM500,000 by the issuance of 450,000 new ordinary shares of RM1.00 each to SAHSB through the capitalisation of debt owing by SAHSB to Sterling. The capitalisation of debt was to provide Sterling with an adequate capital base for its operations.
- (d) On 28 April 2020, the Company had assigned RM3,100,000 of the debts owing by SAHSB to SHSB. The assignment of debt is to provide funds to SHSB to take up additional shares to be issued by SAHSB.
- (e) On 29 April 2020, SAHSB had issued 2,900,000 additional ordinary shares of RM1.00 each to SHSB through the capitalisation of debt owing by SAHSB to SHSB, after the assignment of debt by the Company to SHSB. The capitalisation of debt was to provide SAHSB with an adequate capital base for its operations. After the capitalisation of debt, SAHSB becomes a 99% owned subsidiary company of SHSB.

Notes to the Financial Statements

31 December 2019

36. Subsequent Event (Cont'd)

(f) Outbreak of coronavirus pandemic

The Directors of the Company have closely monitored the development of the outbreak of coronavirus pandemic ("COVID-19") infection in Malaysia that may affect the business performance, financial performance and financial position of the Company mainly due to travel and movement restriction and other precautionary measures imposed by relevant local authorities that affected the Company business operations. As at the date of this report, the financial impact of the COVID-19 outbreak to the Company cannot be reasonably estimated due to the inherent unpredictable nature and rapid development relating to COVID-19, the extent of the impact depends on the on-going precautionary measures introduced by each country to address this pandemic and the durations of the pandemic. As such, the Directors of the Company will continue to closely monitor the situations and respond proactively to mitigate the impact on the Group's and the Company's financial performance and financial position.

37. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 May 2020.

ANALYSIS OF SHAREHOLDINGS

as at 1 June 2020

Total Issued shares	: 213,791,420 ordinary shares
Class of shares	: Ordinary Share
Voting Rights	: one vote per Ordinary Share
Number of Shareholders as at 1 June 2020	: 2,267

Distribution of Shareholdings based on the Records of Depositors as at 1 June 2020

Size of Holdings	No. of Holders	%	No. of Shares	%
1 – 99	121	5.34	1,888	0.00***
100 – 1,000	413	18.21	242,063	0.11
1,001 – 10,000	812	35.82	3,886,818	1.82
10,001 – 100,000	744	32.82	28,309,850	13.24
100,001 – 10,689,570 (*)	175	7.72	130,750,248	61.16
10,689,571 and above (**)	2	0.09	50,600,553	23.67
Total	2,267	100.00	213,791,420	100.00

Note :

- (*) means less than 5% of issued share capital
 (**) means 5% and above of issued share capital
 (***) means negligible

Substantial Shareholders based on the Register of Substantial Shareholders as at 1 June 2020

The Substantial Shareholders of Sinmah Capital Berhad (holding 5% or more of the capital) based on the Register of Substantial shareholdings of the Company and their respective shareholdings are as follows :-

Substantial Shareholders	Direct interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
F.C.H. HOLDINGS SDN. BHD.	27,721,253 [^]	12.97	-	-
DATO' FONG KOK YONG	-	-	27,721,253 [#]	12.97
DATUK FONG KIAH YEOW	20,402,200 [@]	9.54	27,721,253 [#]	12.97
FONG NGAN TENG	18,256,000 [^]	8.54	27,721,253 [#]	12.97
FONG CHOON KAI	18,256,000 [^]	8.54	27,721,253 [#]	12.97
DATO' LEONG SAI MUN	22,879,300 [^]	10.71	-	-

Notes :

- ([^]) 27,721,253 shares are held through JF Apex Nominees (Tempatan) Sdn. Bhd. pledged securities account for F.C.H. Holdings Sdn. Bhd.
 ([#]) Deemed interested by virtue of Section 8(4)(c) of the Companies Act, 2016, through his shareholding in F.C.H. Holdings Sdn. Bhd. via JF Apex Nominees (Tempatan) Sdn. Bhd. pledged securities account for F.C.H. Holdings Sdn. Bhd.
 ([@]) 20,402,200 shares are held through M & A Nominee (Tempatan) Sdn. Bhd. pledged securities account for Fong Kiah Yeow for 10,024,200 shares and Kenanga Nominees (Tempatan) Sdn. Bhd. pledged securities account for Fong Kiah Yeow for 10,378,000 shares
 ([^]) 18,256,000 shares are held through Maybank Securities Nominees (Tempatan) Sdn. Bhd. pledged securities account for Fong Ngan Teng for 10,000,000 shares and M & A Nominee (Tempatan) Sdn. Bhd. pledged securities account for Fong Ngan Teng for 8,256,000 shares

Analysis of Shareholdings

as at 1 June 2020

- ([∞]) 18,256,000 shares are held through Maybank Securities Nominees (Tempatan) Sdn. Bhd. pledged securities account for Fong Choon Kai for 10,000,000 shares and M & A Nominee (Tempatan) Sdn. Bhd. pledged securities account for Fong Choon Kai for 8,256,000 shares
- (^β) 22,879,300 shares are held through CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Leong Sai Mun for 75,400 and Maybank Nominees (Tempatan) Sdn. Bhd. pledged securities account for Leong Sai Mun for 22,803,900

Directors' Shareholdings based on Register of Directors' Shareholdings as at 1 June 2020

Directors	Direct interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
DATUK HJ. ZAINAL BIN HJ. SHAMSUDIN	-	-	-	-
DATO' FONG KOK YONG	-	-	27,721,253 [#]	12.97
DATUK FONG KIAH YEOW	20,402,200 [@]	9.54	27,721,253 [#]	12.97
FONG NGAN TENG	18,256,000 ^α	8.54	27,721,253 [#]	12.97
FONG CHOON KAI	18,256,000 [∞]	8.54	27,721,253 [#]	12.97
DATUK NG PENG HONG @ NG PENG HAY	-	-	-	-
MOHD KHASAN BIN AHMAD	-	-	-	-
MUNAWAR KABIR MOHD BIN ZAINAL ABIDIN	-	-	-	-

Notes :

- ([#]) Deemed interested by virtue of Section 8(4)(c) of the Companies Act, 2016, through his shareholding in F.C.H. Holdings Sdn. Bhd. via JF Apex Nominees (Tempatan) Sdn. Bhd. pledged securities account for F.C.H. Holdings Sdn. Bhd.
- ([@]) 20,402,200 shares are held through M & A Nominee (Tempatan) Sdn. Bhd. pledged securities account for Fong Kiah Yeow for 10,024,200 shares and Kenanga Nominees (Tempatan) Sdn. Bhd. pledged securities account for Fong Kiah Yeow for 10,378,000 shares
- (^α) 18,256,000 shares are held through Maybank Securities Nominees (Tempatan) Sdn. Bhd. pledged securities account for Fong Ngan Teng for 10,000,000 shares and M & A Nominee (Tempatan) Sdn. Bhd. pledged securities account for Fong Ngan Teng for 8,256,000 shares
- ([∞]) 18,256,000 shares are held through Maybank Securities Nominees (Tempatan) Sdn. Bhd. pledged securities account for Fong Choon Kai for 10,000,000 shares and M & A Nominee (Tempatan) Sdn. Bhd. pledged securities account for Fong Choon Kai for 8,256,000 shares

Directors' Interests in Related Corporations based on Register of Directors' Shareholding in the Company and its subsidiaries as at 1 June 2020

By virtue of their interests in the shares of the Company, Dato' Fong Kok Yong, Datuk Fong Kiah Yeow, Fong Ngan Teng and Fong Choon Kai are deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors in office had any interest in shares in the Company's subsidiaries or related corporation as at 1 June 2020.

Options, Warrants or Convertible Securities as at 1 June 2020

The shareholders of the Company has via the Extraordinary General Meeting which was held on 2 May 2018 to approve the establishment of a Share Issuance Scheme ("SIS") and the Company has on 18 September 2018 implemented the SIS. However, no allocation of the share options to the Directors of the Company as at 1 June 2020.

Save as disclosed above, the Company and its subsidiaries did not issue any options, warrants or convertible securities to the directors of the Company for the financial year ended 31 December 2019.

Analysis of Shareholdings
as at 1 June 2020**Thirty Largest Shareholders based on Record of Depositors as at 1 June 2020**

(Without aggregating the securities from different securities accounts belonging to the same Depositor)

No	Shareholders	No. of Shares	%
1	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR F.C.H. HOLDINGS SDN BHD (MARGIN)	27,721,253	12.97
2	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEONG SAI MUN	22,879,300	10.70
3	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG KIAH YEOW	10,378,000	4.85
4	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG KIAH YEOW (M&A)	10,024,200	4.69
5	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG NGAN TENG (M&A)	8,256,000	3.86
6	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG CHOON KAI (M&A)	8,256,000	3.86
7	NG MENG KEE	7,871,000	3.68
8	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG CHOON KAI (MARGIN)	5,700,000	2.67
9	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG NGAN TENG (MARGIN)	5,700,000	2.67
10	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG CHOON KAI	4,300,000	2.01
11	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG NGAN TENG	4,300,000	2.01
12	TAN YU YEH	3,500,000	1.64
13	TEH SEN SIEW	3,142,700	1.47
14	LIM KIAN HUAT	3,095,200	1.45
15	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR GOH JUAI HIAN (M09)	2,926,600	1.37
16	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG FUT LING (001)	2,900,000	1.36
17	GOLSTA SDN BHD	2,307,500	1.08
18	KOPERASI SERBAGUNA MALAYSIA BERHAD	2,064,900	0.97
19	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TIE MING CHUNG (7002470)	1,700,050	0.80
20	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN BOAK WAH (JB)	1,521,800	0.71
21	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RAJINDER KAUR A/P PIARA SINGH (MARGIN)	1,155,000	0.54
22	LIM PANG HOO	1,049,500	0.49
23	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PANG HOI KEE (MY2666)	1,030,000	0.48
24	YU CHEE WEI	890,100	0.42
25	TAN YONG CHIEW	805,000	0.38
26	PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENTS)	766,500	0.36
27	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHIA HONG @ GAN CHIA HONG (E-TMR)	750,000	0.35
28	NG KAM CHAW	715,000	0.33
29	NIK FAIRUL ZAMRI BIN MOHD PAUZI	700,000	0.33
30	OON YEW CHYE	667,200	0.31

ANALYSIS OF WARRANT C HOLDINGS

as at 1 June 2020

Number of Warrant C issued as at 1 June 2020	: 38,177,039 warrants
Number of Warrant C exercised	: Nil
Number of Warrant C not exercised	: 38,177,039 warrants
Exercise Period	: Commencing from the Issue Date (30.08.2018) and ending at 5.00 p.m. on the last day of the period of five (5) years from (and including) the Issue Date of Warrants 2018/2023 or such terms as stated in the Deed Poll
Exercise Price	: RM0.20 per ordinary share and subject to adjustment in accordance with the conditions provided in the Deed Poll
Warrant C Entitlement	: Each Warrant C entitles the registered holders at any time during the exercise period to subscribe for one (1) new ordinary share at the exercise price
Voting Rights	: 1 vote per Warrant C held (at the meeting of Warrant C holders only)
Number of Warrant C Holders as at 1 June 2020	: 611

Distribution of Warrant C Holdings as at 1 June 2020

Size of Holdings	No. of Holders	%	No. of Warrants	%
1 – 99	61	9.98	3,093	0.01
100 – 1,000	74	12.11	44,804	0.12
1,001 – 10,000	259	42.39	1,123,465	2.94
10,001 – 100,000	171	27.99	6,262,785	16.40
100,001 – 1,908,850 (*)	41	6.71	15,158,487	39.71
1,908,851 and above (**)	5	0.82	15,584,405	40.82
Total	611	100.00	38,177,039	100.00

Note :

(*) means less than 5% of issued Warrant C

(**) means 5% and above of issued Warrant C

Warrant C Holders Holding 5% or above as at 1 June 2020

Name	Direct interest		Indirect Interest	
	No. of Warrants	%	No. of Warrants	%
F.C.H. HOLDINGS SDN BHD	3,814,380 ^ε	9.99	-	-
DATO' FONG KOK YONG	-	-	3,814,380 [¥]	9.99
DATUK FONG KIAH YEOW	4,197,250 ^ε	10.99	3,814,380 [¥]	9.99
FONG NGAN TENG	3,814,000 [†]	9.99	3,814,380 [¥]	9.99
FONG CHOON KAI	3,814,000 [†]	9.99	3,814,380 [¥]	9.99
DATO' LEONG SAI MUN	4,202,525 [‡]	11.01	-	-

Notes :

(^ε) 3,814,380 Warrant C are held through JF Apex Nominees (Tempatan) Sdn Bhd pledged securities account for F.C.H. Holdings Sdn Bhd

([¥]) Deemed interested by virtue of Section 8(4)(c) of the Companies Act, 2016, through his Warrant C holding in F.C.H. Holdings Sdn Bhd via JF Apex Nominees (Tempatan) Sdn Bhd pledged securities account for F.C.H. Holdings Sdn Bhd

Analysis of Warrant C Holdings
as at 1 June 2020

- ([€]) 4,197,250 Warrant C are held through M & A Nominee (Tempatan) Sdn. Bhd. pledged securities account for Fong Kiah Yeow for 1,629,750 Warrant C and Kenanga Nominees (Tempatan) Sdn. Bhd. pledged securities account for Fong Kiah Yeow for 2,567,500 Warrant C
- ([‡]) 3,814,000 Warrant C are held through Maybank Securities Nominees (Tempatan) Sdn. Bhd. pledged securities account for Fong Ngan Teng for 2,500,000 Warrant C and M & A Nominee (Tempatan) Sdn. Bhd. pledged securities account for Fong Ngan Teng for 1,314,000 Warrant C
- ([†]) 3,814,000 Warrant C are held through Maybank Securities Nominees (Tempatan) Sdn. Bhd. pledged securities account for Fong Choon Kai for 2,500,000 Warrant C and M & A Nominee (Tempatan) Sdn. Bhd. pledged securities account for Fong Choon Kai for 1,314,000 Warrant C
- ([⊕]) 4,202,525 Warrant C are held through CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Leong Sai Mun for 44,100 Warrant C and Maybank Nominees (Tempatan) Sdn. Bhd. pledged securities account for Leong Sai Mun for 4,158,425 Warrant C

Directors' Warrant C Holdings as at 1 June 2020

Directors	Direct interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
DATO' FONG KOK YONG	-	-	3,814,380 [¥]	9.99
DATUK FONG KIAH YEOW	4,197,250 [€]	10.99	3,814,380 [¥]	9.99
FONG NGAN TENG	3,814,000 [‡]	9.99	3,814,380 [¥]	9.99
FONG CHOON KAI	3,814,000 [†]	9.99	3,814,380 [¥]	9.99
DATUK NG PENG HONG @ NG PENG HAY	-	-	-	-
MOHD KHASAN BIN AHMAD	-	-	-	-
DATUK HJ. ZAINAL BIN HJ. SHAMSUDIN	-	-	-	-
MUNAWAR KABIR MOHD BIN ZAINAL ABIDIN	-	-	-	-

Notes :

- ([¥]) Deemed interested by virtue of Section 8(4)(c) of the Companies Act, 2016, through his Warrant C holding in F.C.H. Holdings Sdn Bhd via JF Apex Nominees (Tempatan) Sdn Bhd pledged securities account for F.C.H. Holdings Sdn Bhd
- ([€]) 4,197,250 Warrant C are held through M & A Nominee (Tempatan) Sdn. Bhd. pledged securities account for Fong Kiah Yeow for 1,629,750 Warrant C and Kenanga Nominees (Tempatan) Sdn. Bhd. pledged securities account for Fong Kiah Yeow for 2,567,500 Warrant C
- ([‡]) 3,814,000 Warrant C are held through Maybank Securities Nominees (Tempatan) Sdn. Bhd. pledged securities account for Fong Ngan Teng for 2,500,000 Warrant C and M & A Nominee (Tempatan) Sdn. Bhd. pledged securities account for Fong Ngan Teng for 1,314,000 Warrant C
- ([†]) 3,814,000 Warrant C are held through Maybank Securities Nominees (Tempatan) Sdn. Bhd. pledged securities account for Fong Choon Kai for 2,500,000 Warrant C and M & A Nominee (Tempatan) Sdn. Bhd. pledged securities account for Fong Choon Kai for 1,314,000 Warrant C

Analysis of Warrant C Holdings

as at 1 June 2020

Thirty Largest Warrant C holders as at 1 June 2020

No	Shareholders	No. of Shares	%
1	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEONG SAI MUN	4,202,525	11.01
2	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR F.C.H. HOLDINGS SDN BHD (MARGIN)	3,814,380	9.99
3	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG KIAH YEOW	2,567,500	6.73
4	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG CHOON KAI (MARGIN)	2,500,000	6.55
5	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG NGAN TENG (MARGIN)	2,500,000	6.55
6	ABDUL HANIFF BIN SULAIMAN	1,900,000	4.98
7	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG KIAH YEOW (M&A)	1,629,750	4.27
8	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG NGAN TENG (M&A)	1,314,000	3.44
9	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG CHOON KAI (M&A)	1,314,000	3.44
10	ONG CHIN KIM	865,300	2.27
11	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG HAN KEONG (201074)	700,000	1.83
12	EE KIM CHENG	694,900	1.82
13	MAYBANK NOMINEES (TEMPATAN) SDN BHD CHEONG CHEE CHUNG	601,100	1.57
14	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TIE MING CHUNG (7002470)	362,512	0.95
15	ABD HAZIS BIN OMAR	316,500	0.83
16	RHB NOMINEES (TEMPATAN) SDN BHD FOO PAK SOOI	300,000	0.79
17	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM HOCK SENG (013)	295,000	0.77
18	AHMAD FAZLIN BIN NASARUDDIN	283,000	0.74
19	LEE ENG MIN	282,200	0.74
20	PANG CHIAW YING	249,000	0.65
21	GUN LIAN SING	235,075	0.62
22	YEO ENG CHONG @ YEO YONG CHONG	226,100	0.59
23	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PANG HOI KEE (MY2666)	207,500	0.54
24	MAYBANK NOMINEES (TEMPATAN) SDN BHD TAN PEIK LING	200,000	0.52
25	NG KAM CHAW	190,000	0.50
26	LIM PANG HOO	189,550	0.50
27	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHIA HONG @ GAN CHIA HONG (E-TMR)	187,500	0.49
28	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW SING CHONG (MM0750)	175,000	0.46
29	CHONG MOW CHAI	170,000	0.45
30	WONG SOK YING	167,000	0.44

LIST OF PROPERTIES OWNED BY THE GROUP

LOCATION & DETAILS	DESCRIPTION	TENURE	NET BOOK VALUE RM	Date of Revaluation/ Date of Acquisition
THE COMPANY AND 100% OWNED SUBSIDIARIES				
P.T. No. 197 H.S.(D) 33179 Kawasan Bandar XXXIX Daerah Melaka Raya, Melaka	3 1/2 Storey Intermediate shophot	Leasehold (expiring in 2075)	302,866	2003
No. 65 & 65-1 Jalan KU 12, Taman Krubong Utama, Krubong 75250 Melaka	Double Storey shophot	Leasehold (expiring in 2105)	226,999	2013
Unit 1809-B97, 1809-B98, 1809-B99, 1809-B100, 1809-B101, 1809-B102, Blok B, Taman Mewah, Kawasan Perindustrian Kelemak, 78000 Alor Gajah, Melaka	6 Units of 2- bedroom Apartment	Leasehold (Expiring in 2091)	94,048	1995
Lot 13151 Geran 114212 (formerly H.S. (D) 24419, No PT11641) Mukim Rawang, Daerah Gombak Negeri Selangor	Industrial land	Freehold	552,450	2006
Lot 13140 Geran 201166 (formerly inown H.S. (D) 24408, No PT11630) Mukim Rawang, Daerah Gombak Negeri Selangor	Industrial land	Freehold	548,500	2005
Block D1-19, Type P2 Genting View Resort Phase 4, Bentong Pahang	1 unit of bedrooms apartment	Freehold	234,178	1998
No. H.S. (D) 2549, No. PT 1512 Mukim Kelemak District of Alor Gajah, Melaka	Double storey shophouse	Freehold	130,477	2006
MLO 5436, MLO 5437 Lot 1639 & Lot 3523 H.S. (D) 2447, H.S. (D) 2448 GM1333 & GM 364 Mukim of Lenga District of Muar Johor	Broiler Farm	Freehold	1,793,482	2012

ADDITIONAL COMPLIANCE INFORMATION

1. Corporate Proposals And Utilisation Of Proceeds

Rights Issue With Warrants

On 8 August 2018, the Company issued its Abridged Prospectus for Renounceable Rights Issue of up to 152,708,157 new ordinary shares in the Company ("Rights Shares") on the basis of 5 Rights Shares for every 2 existing Sinmah Shares at an issue price of RM0.20 per Rights Share, together with up to 38,177,039 free detachable warrants ("Rights Warrants") for every 4 Rights Shares subscribed for. The Rights Shares and Rights Warrants were granted listing on the Main Market of Bursa Securities on 12 September 2018.

The Renounceable Rights Issue with free detachable warrants raised RM30,541,631.40 which shall be utilised as follows:

	Planned Utilisation RM'000	Expected timeframe for utilisation of proceeds (from date of listing of Rights Shares)
Land cost in respect of joint-venture between Sinmah Development Sdn Bhd and Encorp Bukit Katil Sdn Bhd	20,902	Within 24 month, i.e. before 12 September 2020.
Development expenditure for the said joint-venture	8,510	
Expenses in relation to the corporate exercise	1,130	Within 2 weeks, i.e. before 26 September 2018.
	30,542	

However, on 6 December 2018, the joint-venture agreement between Sinmah Development Sdn Bhd ("SDSB"), a wholly-owned subsidiary of the Company, and Encorp Bukit Katil Sdn Bhd ("EBKSB") was mutually terminated upon non-fulfilment of conditions precedent.

As provided by the Abridged Prospectus on the Rights Issue, the proceeds can now be used for the Group's existing and future development and construction projects.

The status of utilisation of proceeds is as follows:

	Planned Utilisation RM'000	Actual Utilisation To-date RM'000	Remarks
Rumah Mampu Milik Melaka			
(a) Cost of building construction	10,938	10,938	At 98% completion
(b) Cost of infrastructure	1,500	1,500	
(c) Professional fees	150	150	
(d) Sales and administration	120	35	
(e) Conversion premium (partial)	1,433	1,433	

Additional Compliance Information

	Planned Utilisation RM'000	Actual Utilisation To-date RM'000	Remarks
<u>Double storey terrace houses</u>			
(a) Cost of building construction	200	200	Completed at end of 2018
(b) Cost of infrastructure	1,588	1,588	
(c) Professional fees	50	50	
(d) Sales and administration	40	40	
<u>Two and a half storey semi-detached houses</u>			
(a) Cost of building construction	2,539	2,539	Completed in Q3 2019
(b) Cost of infrastructure	416	41	
(c) Professional fees	120	120	
(d) Sales and administration	65	65	
Future property development and construction projects (to be identified)	10,253	10,303	Construction contract with Koperasi Pekerja Johor
Expenses in relation to the corporate exercise	1,130	1,080	The amount allocated for this purposed has been fully utilised by 26 September 2018. The under utilisation of approximately RM50,000 will be used for land cost and development expenditure for property development and construction business, in accordance with the Abridged Prospectus.
	30,542	30,542	

2. Share Buy-back

During the financial year, there was no share buy-back by the Company.

3. Options or Convertible Securities

The Shareholders of the Company had via the Extraordinary General Meeting which was held on 2 May 2018 to approve the establishment of a Share Issue Scheme ("SIS") and the Company has on 18 September 2018 implemented the SIS. However, no allocation of the share options to the Directors and Key Management was made as at 1 June 2020.

Save as disclosed above, the Directors' Warrant C holding and the Directors' shareholding in the Company, the Company and/or its subsidiaries did not issue any options, warrants or convertible securities for the financial year ended 31 December 2019.

Additional Compliance Information

4. Depository Receipt Programme

The Company did not sponsor any depository receipt programme during the financial year.

5. Imposition of Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and/or its subsidiaries, directors or management by any regulatory bodies for the financial year ended 31 December 2019 except for traffic offences.

6. Non-Audit Fees

The total amount of non-audit fees paid or payable to the external auditors and their affiliated companies by the Company for the financial year ended 31 December 2019 amounted to RM5,000.

7. Variation in Results

There was no deviation of 10% or more between the profit after taxation and minority interest stated in the 28 February 2020 announcement of unaudited results for the financial year ended 31 December 2019 and the annual audited financial statements of the Group for the financial year ended 31 December 2019.

8. Profit Guarantee

The Company did not give any profit guarantee during the financial year.

9. Material Contracts

There were no material contracts entered into by the Company and/or its subsidiaries involving Directors' and major shareholders' interests during the financial year.

10. Revaluation Policy on Landed Properties

The Company did not adopt any revaluation policy on landed properties during the financial year.

11. Recurrent Related Party Transaction of a Revenue or Trading Nature ("RRPT")

The Company did not enter into any RRPT which exceeded the threshold limits allowed under the Main Market Listing Requirements during the financial year.

12. Employee Share Option Scheme ("ESOS")

The Company did not grant any options to Directors and Key Management during the financial year.

Number of Shares Held	
CDS Account No.	

*I/We _____ NRIC No. _____
(Full Name in Capital Letters)

of _____
(Full Address)

being a *Member/Members of SINMAH CAPITAL BERHAD, do hereby appoint _____

_____ NRIC No. _____
(Full Name in Capital Letters)

of _____
(Full Address)

or failing him(her), _____ NRIC No. _____
(Full Name in Capital Letters)

of _____
(Full Address)

or failing whom, the CHAIRMAN of the General Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Twenty Sixth Annual General Meeting ("26th AGM") to be held at Function Room 3, Level 2, Holiday Inn Melaka, Jalan Syed Abdul Aziz, 75000 Melaka on Thursday, 23 July 2020 at 10.00 a.m. and at any adjournment thereof.

*My/our *proxy/proxies shall vote as follows :-

Please indicate with an "X" in the space provided below how you wish your votes to be casted. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain for voting at his(her) discretion.

No	Agenda	Resolution Ordinary	For	Against
1	To lay before the meeting the Audited Financial Statements for the financial year ended 31 December 2019 together with the Reports of the Directors and Auditors thereon.			
2	To approve the payment of additional Directors' fees and Directors' remuneration (exclude Directors' fees) to Non-Executive Directors amounting to RM30,750.00 for the period from 1 January 2019 up to 23 July 2020.	1		
3	To approve the payment of the Directors' fees to Non-Executive Directors amounting to RM141,750.00 for the period from 24 July 2020 until the next Annual General Meeting of the Company held in 2021.	2		
4	To approve the payment of Directors' remuneration (excluding Directors' Fees) to Non-Executive Directors of the Company of an amount up to RM12,000.00 for the period from 24 July 2020 until the next Annual General Meeting of the Company held in 2021.	3		
5	To re-elect Mr. Fong Ngan Teng, the retiring Director, who retires by rotation and being eligible, offers himself for re-election in accordance with Clause 94 of the Company's Constitution.	4		
6	To re-elect Mr. Fong Choon Kai, the retiring Director, who retires by rotation and being eligible, offers himself for re-election in accordance with Clause 94 of the Company's Constitution.	5		
7	To re-elect Datuk Ng Peng Hong @ Ng Peng Hay, the retiring Director, who retires by rotation and being eligible, offers himself for re-election in accordance with Clause 94 of the Company's Constitution.	6		
8	To re-appoint Messrs UHY as Auditors of the Company for the financial year ending 31 December 2020 and to authorize the Directors to deliberate on the Auditors' remuneration.	7		
	Special Business			
9	Proposed Continuation of Office of Encik Mohd Khasan Bin Ahmad as Independent Non-Executive Director	8		
10	Proposed Continuation of Office of Datuk Hj. Zainal Bin Hj. Shamsudin as Independent Non-Executive Director	9		
11	Authority to Issue Share Under Sections 75 and 76 of the Companies Act, 2016	10		
12	Proposed Amendments to the Constitution of the Company	Special		

As witness *my/our hand this _____ day of _____

* Strike out whichever not applicable.

Signature of Member/Common Seal

NOTES :-

1. A member of the Company who is entitled to attend, speak and vote at this 26th AGM may appoint a proxy to attend, speak and vote on his(her) behalf. A proxy may but need not be a member of the Company, and a member may appoint any person to be his(her) proxy without limitation.
2. Where a member appoints more than one (1) proxy to attend and vote at the same Meeting, the appointment shall be invalid unless he(she) specifies the proportion of his(her) holdings to be represented by each proxy.
3. Where a member of the Company is an authorized nominee as defined under the Securities Industry (Central Depository) Act, 1991 ("SICDA"), he(she) may appoint one (1) proxy in respect of each security account it holds with ordinary shares of the Company standing to the credit of the said security account.
4. Where a member of the Company is an exempt authorised nominee holding ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
An exempt authorised nominee refers to an authorised nominee defined under the SICDA who is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
5. The instrument appointing a proxy shall be in writing by the appointer or an attorney duly authorised in writing or, if the appointer is a corporation, whether under its seal or by an officer or attorney duly authorised.

6. The instrument appointing either a proxy, a power of attorney or other authorities, where it is signed or certified by a notary as a true copy shall be deposited at the office of the Company's Share Registrar at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof, and in default the instrument of proxy shall not be treated as valid.
7. The right of foreigners to vote in respect of deposited securities is subject to Sections 41(1)(e) and 41(2) of the Securities Industry (Central Depositories) Act, 1991; the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and the Constitution of the Company.
8. In respect of deposited securities, only members whose names appear in the Record of Depositors on 16 July 2020 ("General Meeting Record of Depositors") shall be eligible to attend, speak and vote at this 26th AGM.
9. Any alteration in the form of proxy must be initialed.
10. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of 26th AGM will be put to the vote by poll.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 26th AGM and/or any adjournment thereof, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of 26th AGM dated 24 June 2020.

Please fold here

Affix
Stamp

The Share Registrar

Boardroom Share Registrars Sdn Bhd

11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya, Selangor

Please fold here

www.sinmah.com.my

No. 88, Jalan KU 4
Taman Krubong Utama
75260 Krubong Melaka
Tel : 06-335 3329
Fax : 06-335 1329